

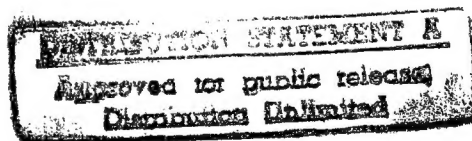
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20 MAY 1992



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JPRS Report

East Europe



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Petkov Agrarians in Support of Land Act

AU1505093392 Sofia BTA in English 2134 GMT
14 May 92

[Excerpts] Sofia, May 14 (BTA)—[passage omitted] On first reading today parliament voted, 123 to 14, a bill amending the Inheritance Act. The sponsors aim to extend the circle of legatees. The new legislation repeals provisions abridging the right to testate.

Mr. Yordan Vasilev MP was dismissed from parliament, 109 to 23 with 31 abstentions, at his request. Mr. Vasilev, a former dissident and the first editor in chief of the first Bulgarian opposition daily DEMOKRATSIYA, is now an associate at the Institute of Literature and president of the General Assembly of the Bulgarian Academy of Sciences. In his resignation request he emphasizes that the condition of his health prevents him from taking a full-fledged part in parliamentary proceedings. "It is hardly useful for two persons of the same family to participate in the administration of this country," Mr. Vasilev writes. His wife, Mrs. Blaga Dimitrova, is vice president of Bulgaria. [passage omitted]

Pensioners critical of the government and demanding higher pensions held a rally in front of parliament building today. [passage omitted]

According to the Nikola Petkov Bulgarian Agrarian Party [BZNS-NP], a parliamentary crisis is now undesirable, the chief secretary of the party Mrs. Anastasiya Dimitrova-Mozer told a regular Nikola Petkov news conference today. The Nikola Petkov Agrarians support the amendments to the Land Act passed by the National Assembly and believes that the liquidation councils are needed to dismantle one of the bastions of the Socialist Party, the Soviet-style cooperative farms. The Nikola Petkov Bulgarian Agrarian Party hopes that things will not go so far as a cabinet crisis. The reshuffled cabinet should pay particular attention to farming, the press were told at the news conference.

President of Bulgaria Dr. Zhelyu Zhelev today met with representatives of the recently established Logos Foundation. The president was familiarized with the purposes of the foundation which incorporates the associations of philosophy, sociology and political science. [passage omitted]

Mr. Valentin Dobrev, deputy minister of foreign affairs, returned from consultations in Moscow. At the Russian Ministry of Foreign Affairs, the sides considered matters of bilateral concern. The opportunities for more active bilateral economic cooperation were discussed. The situation in Yugoslavia, the Bulgarian initiative for a Balkan conference and Black Sea economic cooperation were on the agenda.

The International Confederation of Free Trade Unions will open its office in Varna, the ICFTU resident representative to Bulgaria Mr. Jean Lapoint told his news conference today. That was Mr. Lapoint's first official statement since his arrival here.

Minister Denies Purge of Legal Institutions

AU1505085392 Sofia DEMOKRATSIYA in Bulgarian
8 May 92 p 3

[Interview with Minister of Justice Svetoslav Luchnikov by Khristo St. Khristov; place and date not given: "Purges Are a Specialty of the Communist Party"]

[Text] [Khristov] Mr. Luchnikov, Petur Kornazhev [former Grand National Assembly deputy of the Bulgarian Social Democratic Party, which was a member of the Union of Democratic Forces until the split of 1991 and today belongs to the "extraparlimentary opposition"] has recently launched several attacks against you in the newspapers. Do you not intend to respond?

[Luchnikov] It is beneath my dignity to do so, or even to pay attention to such petty remarks.

[Khristov] Nevertheless, DEMOKRATSIYA readers would like to know why you were banned from the legal bodies for such a long time.

[Luchnikov] I was dismissed from Sofia University for political reasons. Therefore, I was not admitted to the bar, where some ambitious and unscrupulous little lawyers were working on their careers under the pretext of phony "scholarly" occupations. In spite of being banned from the communist legal institutions, I never lost interest in the legal profession. Therefore, as soon as our country became a rule-of-law state, I was invited to join the council in charge of processing legal documents under the Council of Ministers, where I most actively contributed to drafting the Commercial Law and numerous other legal acts. In February 1991, I worked on an updated version of the Turnovo Constitution, which was highly regarded by all true democrats. The draft was rejected by the Bulgarian Socialist Party [BSP], which is quite natural, and by the renegades of the Union of Democratic Forces [SDS], which is even more natural.

[Khristov] Is it true that at the end of 1991 Mr. Kornazhev warned you about committing too many mistakes?

[Luchnikov] Yes! It was a very significant conversation, indeed. I insisted that all lawyers who are qualified should become members of the bar, while Mr. Kornazhev supported Mr. Komitov, the communist boss of the bar, who had instructed the lawyers' councils in writing that they should keep the doors of the bar closed. Another mistake that the communist-socialist tandem is reproaching me for is that I insisted upon lawyers becoming members of the Supreme Judicial Council, a practice accepted in all civilized countries.

[Khristov] Nevertheless, Mr. Kornazhev denies your competence in legal matters.

[Luchnikov] You are trying to provoke me. First of all, the gentleman in question is a specialist in Penal Law only. My colleagues should know what this means. As far as my competence is concerned, the legal public is

acquainted with the lectures on commercial law that I gave before being entrusted with the difficult task of organizing the rescue of our unfortunate country's legal institutions and legislation from the disastrous situation in which they had been manipulated, not without the assistance of the competent gentleman in question.

[Khristov] What is your view on the separation of powers?

[Luchnikov] I can only cite Montesquieu's definition: "Because centuries-old experience shows that every individual who exerts power is inclined to abuse it, things should be organized in a manner likely to enable one institution of power to restrict the other!" Nevertheless, how can you expect people to read Montesquieu, after they cited the statements of distinguished legal experts such as Lenin, Vishinskiy, and even Todor Zhivkov?

[Khristov] Last, but not least, what would you say about the "purges"?

[Luchnikov] Purges are the specialty of the Communist Party, whose obedient servant Mr. Kornazhev has always been. The Supreme Judicial Council, which I preside over without the right to vote, as stipulated by the authors of the Constitution, very carefully examined the proposals on the replacement of judges and public prosecutors who do not deserve a lifelong appointment. Half of these proposals were rejected. Only those who are clearly incompetent or have visibly failed to be depoliticized are being dismissed.

[Khristov] Mr. Kornazhev proposes that the replacement should proceed in stages and after a careful investigation of individual cases.

[Luchnikov] I would also prefer such a procedure, but, on the basis of the Constitution, which the gentleman in question approved with his vote, the deadline for the investigation is ridiculously short. Everything is expected to be settled by 12 May 1992.

Air Force Head Speaks of Neglect, Poor Morale

AU1505083892 Sofia TRUD in Bulgarian 8 May 92 p 5

[Statement made to TRUD by Major General Mikho Mikhov, commander of the Air Defense and Air Force, "in answer to a number of items published in the central press"; place and date not given: "Is Our Air Force Sinking...?"]

[Excerpts] [passage omitted] Is the Bulgarian military pilot well motivated? He certainly can be, but, at the moment, he is not! This is the truth, which is also confirmed when staff is selected for civil aviation. I heard this joke on the radio: "Do you have any applicants for pilots' jobs?" "Yes, we have, but unfortunately most of them are former Air Force pilots." How can one not be ashamed of such people, who even follow the same profession?

We certainly know about world experience, but why should we travel round the world when we only have to visit our neighbors? We have already seen their experience, although, until recently, military men were not permitted to go abroad. One need not mention the fact that for certain circles even the exchange of experience is a reason for the Air Force's decline.

We would not want to have a following wind and three feet under the keel, nor would we want the "plastic tanks" used by the commander of the ground forces. We have had similar models for a long time. We also use flight simulators for training, but one cannot achieve high piloting skills and flight safety by such means.

What we need is an opposing wind, a sense of self-esteem, and an active life for the steel birds entrusted to us. We can do the rest.

We should think seriously about this national potential that has been created at such high cost and should form a supradepartmental organ for air navigation and flight safety. Only such an institution can and should raise the authority and importance of the only aviation institute in Bulgaria (the Air Force School).

What a luxury it is for our poor country to permit pilots trained at high cost to the state to practice unworthy and shameful professions as a reward for risking their own lives and the happiness of their families for many years.

Reforms definitely make sense, and not only in the Air Defense and Air Force, but who is against them? In any event, not the men who protect our country's air borders. Flying should be administered by an organ set above the Ministries of Transport and Defense that combines the responsibilities and interests of military and civil aviation. Only such a body can properly ensure that the military pilot fulfills his potential after retiring from the service.

There are opponents to the reform in civil aviation and among the Air Defense and Air Force staff. They can be discovered among the authors of a number of articles. However, this is not the answer to the question or the "key to the door." At present, the problem lies in providing backup services for operations and combat. Our men are worried about the organization of these services and their stability in the future. [passage omitted]

Is any change taking place? Yes, but not enough. Instructions have also been issued to the economic sector, and serious ones at that, but not everyone is familiar with the problems of aviation, and not everyone wants to resolve them. Such people, who fail to solve the problems, also exist in the Air Force, both at staff headquarters and in the rear services. Reasons for their attitudes will be found—reaching the so-called critical age, a lack of security, and a desire to watch events from the sidelines. This is unworthy behavior, even for the morale of our forces as a whole. We do not need statements in the press

and the mass media. We should not try to avert the disasters forecast by the safety inspectorate by publishing articles and submitting memorandums. We should realize that our Air Force at present is like a sick

and famished man. We should rehabilitate him slowly and methodically. We should allocate the fuel and spare parts issued to us in a serious and responsible manner. [passage omitted]

List of Political Parties Entering June Elections

92CH0524A Prague HOSPODARSKE NOVINY
in Czech 21 Apr 92 p 9

[Text]

1. Civic Democratic Alliance (ODA)

This political party, which espouses the democratic right, Western political conservatism, and the principles of economic liberalism in a program entitled "The Way to a Free Society," came into being in December 1989. In January 1992, it concluded an alliance agreement with the Liberal Democratic Party (LDS) and in March the National Conference of the ODA adopted an agreement regarding the integration of the LDS into the ODA. Chairman of the party is Jan Kalvoda. The ODA is standing for election in all election krajs of the Czech Republic.

2. Democratic Party of Czechoslovakia

This party was formed in November 1989 on the basis of the Democratic Club. It considers itself to be a party of the center, espousing the principles of humanity and morally pure democracy, following the example of the New Deal of F.D. Roosevelt. Its chairman is Jan Kukacka.

3. Czechoslovak Social Democratic Party (CSSD)

This party came into being on 7 April 1878 as the Czechoslovak Social Democratic Party within the framework of the Austrian Social Democratic Party. In 1938, it was dissolved and was renewed in 1945; after February 1948, it was combined with the Communist Party of Czechoslovakia (CPCZ). As an independent political party, it then became revitalized on 19 November 1989. It is a political party of the left center. It promotes the unity of the economic program with a program of social security, protection of employment, a transition to a social market system, and preserving the unity of the state. Its chairman is Jiri Horak. The party is standing for election in all election krajs of the Czech Republic.

4. Movement for Independent Democracy—Society for Moravia and Silesia (HSD-SMS)

This movement came into being on 1 April 1990. This is a centrist political movement striving for an autonomous and equal position of Moravia and Silesia and for territorial government in the Czech Republic. Its chairman is Jan Krycer. The movement is standing for election in all election krajs of the CSFR.

5. Movement of Senior Citizens for Social Guarantees

This movement came into being in February 1990. It is aimed at achieving optimum protection and social security for citizens of preretirement and retirement age. Its chairman is Josef Konicek. The movement is standing for election in the election krajs of the Czech Republic.

6. Coalition Movement for Freedom of Speech—Slovak Republican Union

This movement is standing for election in all election krajs of the Slovak Republic.

7. Movement for a Democratic Slovakia (HZDS)

This movement came into being in March 1991 at the meeting of the Public Against Violence Party (VPN) as a platform striving for renewal of the original character of the VPN. At the extraordinary republicwide congress of the VPN in April 1991, the VPN-ZDS platform seceded and, on 3 May 1991, it registered under its current title. This is a political movement of the liberal center, which espouses a program entitled "An Opportunity for Slovakia." Its goal is the improvement of the economic and social situation in the Slovak Republic and a constitutional arrangement based on the idea of confederation. Its chairman is Vladimir Meciar. The HZDS is standing for election in all election krajs of the Slovak Republic.

8. Party of the Democratic Left (SDL)

This party bears its title as of 1 February 1991 on the basis of a decision of the then Central Committee of the Communist Party of Slovakia—SDL. Subsequently, it terminated its activity in the Federation of the KSCM and the SDL. It is a leftist party espousing a socially and ecologically oriented market economy and the respecting of human and civil rights. Its chairman is Peter Weiss. The party is standing for election in all election krajs of the Slovak Republic.

9. Party of Labor and Security (SPJ)

This party was registered in March 1992 in Slovakia. It considers itself to be the party of the unemployed and the poorest strata. It is standing for election primarily in the Slovak Republic.

10. National Socialist Party—Czechoslovak National Socialist Party (NSS-CNSS)

It came into being in September 1990 as a movement within the Czechoslovak Socialist Party. It rejects a coalition with the extreme left and the extreme right. It favors a federal Czechoslovakia. It emphasizes the freedom of entrepreneurial activities. The chairman is Cestmir Cejka. The party is standing for election in all election krajs of the Czech Republic.

11. Movement for the Liberation of Slovakia (HZDS)

This was registered in September 1990. It strives to assert the rights of the Slovak nation to state independence and the establishment of a sovereign state. Its chairman is Frantisek Kollar. The movement is standing for election in all election krajs of the Slovak Republic.

12. Freedom Party—Party of National Unity (SS-SNS)

As a new entity, this party was created in April 1992 as a result of the amalgamation of the Party of National

Unity of Slovaks with the Freedom Party. It prefers a solution to the constitutional arrangement, a stocktaking, and a just distribution of the properties held by the republic. Its chairman is Silvester Minarovic. The party is standing for election in all election krajs of the Slovak Republic.

13. Democrats for 92 for a Common State (D 92)

The Constitutional Assembly of D 92 was held 28 March 1992. It is a political movement with statewide jurisdiction. It primarily favors preservation of the joint state, it favors integration into modern Europe and a rapid transition toward a market economy which is socially just. D 92 is standing for election in all election krajs in the Czech Republic.

14. Party of Republican and National Democratic Unity (SRNDJ)

This was established in March 1992. It strives to preserve a unified state on a federal principle, it is striving for a strong economy and the complete debolshevization of society. It is standing for election in all election krajs of the Czech Republic.

15. Coalition of the Hungarian Christian Democratic Movement—Coexistence Movement—Hungarian People's Party (MKDH-ESWS-MLS)

This coalition favors democracy, promotes the rights of minority nationalities, and favors the preservation of their identity. It is in favor of a joint state. It is headed by Miklos Duray.

16. Slovak Christian Democratic Movement (SKDH)

In March 1992, it split from the KDH [Christian Democratic Movement]. Its efforts are aimed at the spiritual renewal of Slovakia, the culmination of its sovereignty, and the achievement of international recognition. It favors full economic development. Its chairman is Jan Klepac. The SKDH is standing for election on the entire territory of the Slovak Republic.

17. Christian and Democratic Union—Czechoslovak People's Party (KDU-CSL)

The Czechoslovak People's Party came into being in September 1918 as a result of the amalgamation of several Catholic parties. In 1938, it was dissolved and reconstituted in 1945 as the Party of the National Front. In June 1991, it applied for registration as the KDU; in March 1992, it was amalgamated with the Christian and Democratic Union at a congress. It espouses the center right position, demanding a responsible social policy with regard to the weaker strata. Its chairman is Josef Lux. The KDU-CSL is standing for election in all krajs of the Czech Republic.

18. Union of Slovak Communists (USK)

This is a political party which espouses the ideas of socialism, but does not consider itself to be a successor

organization of either the CPCZ or the Communist Party of Slovakia. It intends to particularly protect the rights of the workers. It supports an equal rights federation. Its chairman is Juraj Janosovsky. The party is standing for election in all election krajs of the Slovak Republic.

19. Party of Czechoslovak Businessmen, Artisans, and Farmers (SCPZR)

This party was born as a result of the initiative of the Association of Czechoslovak Businessmen in the Czech Republic. It finds its place at the right of center. Its goal is to promote the development of a strong small and medium-size business class. Its chairman is Rudolf Baranek. The party is standing for election in all election krajs in the Czech Republic.

20. Unassigned

21. Movement for Social Justice (HZSS)

This movement was created in 1991 and, as of February 1992, is registered as a party with federationwide jurisdiction. It has a leftist orientation and considers the so-called employee-ownership form to be the most advantageous method of privatization. Its chairman is Michal Lakatos. It is standing for election in all election krajs in the CSFR with the exception of central Slovakia.

22. Liberal Social Union (LSU)

This union was registered as a political movement with a collective membership in December 1991. It is made up of the Czechoslovak Socialist Party, the Agrarian Party, and the Party of the Greens. The union presents itself as an organization of centrist democratic forces which primarily intends to protect the interests of the median and lower income groups of the population. It favors a socially just society, in economics it rejects the so-called shock therapy, it favors autonomous democracy and an active approach toward ecology. Its chairman is Frantisek Trnka. The union is standing for election in all election krajs of the Czech Republic.

23. Party of the Greens (SZ)

It is a Slovak Republic organization of the federal Party of the Greens (which in the Czech Republic stands within the framework of the LSU). Candidate lists in all election krajs of the Slovak Republic.

24. Civic Movement (OH)

This came into being in February 1991 at an extraordinary republicwide congress of Civic Forum as one of the two collective members of Civic Forum. In April 1991, the constitutional congress adopted statutes and a program. It espouses the political center. It is a liberal civic and social movement striving primarily for a common state with clearly delineated jurisdictions and a transition toward a market economy while respecting social interests and ecological requirements. The chairman of the council is Jiri Dienstbier. The OH is standing for election in all election krajs of the Czech Republic.

25. Christian Democratic Movement (KDH)

This came into being on 30 January 1989 on the basis of the invitation by the Civic Initiative to establish Christian Democratic clubs. In February 1990, the Constituent Congress of KDH was held. As an all-people's ecumenical political movement, it strives to create a spiritually healthy, just, and economically prospering society. Its chairman is Jan Carnogursky. The KDH is standing for election in all election krajs of the Slovak Republic.

26. Civic Democratic Union (ODU)

This is a liberal and conservative party to the right of center which seceded from the VPN movement. It considers it to be a priority to solve the constitutional arrangement, the position of Slovakia within the framework of the federation, and favors an accelerated economic reform. Its chairman is Martin Porubjak. The party is standing for election in all election krajs of the Slovak Republic.

27. Romany Congress of the CSFR

This came into being in March 1992. It is a voluntary association which is intended to unify the Romany people and promote their rights to a dignified life. Its president is Jan Farkas.

28. Association for the Republic—Republican Party of Czechoslovakia (SPR-RSC)

This is a radically rightist party which was registered in 1990. It is demanding guarantees against any kind of form of dictatorship, it is demanding the termination of devastation of the national economy and a consistent purge of the national political life. Its chairman is Miroslav Sladek. The party is standing for election in all election krajs of the CSFR.

29. National Liberals (NL)

This is a right-of-center party, which was registered in March 1990. It favors an independent Slovakia. Its chairperson is Katarina Horvathova. The party is standing for election on the entire territory of the Slovak Republic.

30. Party of the Greens in Slovakia (SSZ)

This came into being in June 1991. It considers itself to be a leftist-oriented party and would permit a looser association of the republics in a common state. It supports ecology and a stable development for the country. Its chairman is Peter Sabo. The party is standing for election in all election krajs of the Slovak Republic.

31. Club of Nonaligned Activists (KAN)

This club was constituted in 1968 and its activities terminated that year. It was then reconstituted in 1990. It is a movement with a rightist democratic program. It supports the principle of the market economy and

demands a radical purge of social life through the medium of so-called debolshevization. The chairman of the Central Council is Bohdan Dvorak. The KAN is standing for election in all election krajs in the Czech Republic.

32. Romany Civic Initiative (ROI)

This movement has been active since November 1989. It has a rightist orientation and supports the development of private business and a federal model for the state. Its chairman is Emil Scuka. The ROI is standing for election in all election krajs in the CSFR with the exception of Bratislava.

33. Left Bloc—Coalition Between the Communist Party of Bohemia and Moravia and the Democratic Left of the CSFR

The coalition agreement for purposes of parliamentary elections for 1992 was signed on 30 April 1992.

Communist Party of Bohemia and Moravia (KSCM)

This is a leftist party. Its proclaimed goal is the creation of a democratic, humanistic, and socially just society, a transition toward a social market economy, and the implementation of a realistic foreign policy reflecting the historical interests of the CSFR. Its chairman is Jiri Svoboda.

Democratic Left (DS)

This supraparty political movement of leftist-oriented citizens was registered in the spring of 1990. It espouses democratic socialism in the spirit of the Socialist International. The chairman of the nationwide coordination committee is Lotar Indruch. The coalition is standing for election in all election krajs of the Czech Republic.

34. Social Democratic Party in Slovakia (SDSS)

This party came into being in December 1918; its activities were halted in 1948 and renewed in January 1990. It wants to be a modern leftist party with efforts aimed at contributing to the human and European dimension of Slovak politics. It is striving for the political stability of Slovakia as an economically and socially developed republic. Its chairman is Alexander Dubcek. The party is standing for election in all election krajs in the Slovak Republic.

35. Communist Party of Slovakia 91

This is a leftist party, the constitutional congress of which was held in June 1991. It espouses the ideas of Marxism-Leninism and communism and wishes to represent and defend the interests of workers, farmers, the working intelligentsia, and particularly the unemployed. The chairman of its Central Committee is Julius Fejes. The party is standing for election in all election krajs of the Slovak Republic.

36. Coalition Between the Democratic Party (DS) and the Civic Democratic Party (ODS)

Democratic Party (DS)

This party came into being in 1944 on the liberated territory of eastern Slovakia. After February 1948, it was disbanded. At the Extraordinary Congress of the Party of Slovak Rebirth, in which part of the membership of the DS was active, the party was renamed in December 1989 to the Democratic Party. It considers itself to be a rightist party and is attempting to address primarily businessmen and the intelligentsia. It supports a joint state of the two republics, united by treaty. Its chairman is Jan Holcik. In past elections, the party stood for election independently; now it stands for election in coalition with the ODS in all election krajs of the Slovak Republic. (For the ODS, see the Coalition of the ODS and the KDS.)

37. Slovak National Party (SNS)

This party came into being in December 1989. It occupies a radical position and primarily asserts the independence of Slovakia. It is speaking out in favor of reducing the negative impacts of the economic reform upon the populace. Its chairman is Jozef Prokes. The SNS is standing for election independently in all election krajs of the Slovak Republic.

38. Party of the Friends of Beer (SPP)

This party came into being in January 1990. Its chairman is Ivo Dvorak. It has presented candidate lists in all election krajs of the Czech Republic.

39. Slovak People's Party

This is a continuation of the party which was established in 1905 by A. Hlinka. The party was registered in April 1990. It is striving for state sovereignty for Slovakia and international recognition of Slovakia. Its chairman is Jozef Prokop. The party is standing for election in all election krajs of the Slovak Republic.

40. Hungarian Civic Party (MOS)

This party developed from the political movement which was called the Independent Hungarian Initiative (MNI). In January 1992, it changed into the MOS. It

devotes attention to the liberal Hungarians living in the CSFR. It supports radical social changes and intends to orient itself particularly toward the stratum of medium-size businessmen and the private sector, even in agriculture. Its chairman is Laszlo Nagy. The party is standing for election in all election krajs of the Slovak Republic.

41. Independent Initiative (NEI)

The party has a liberal humanitarian orientation. It came into being in 1990 as the Independent Erotic Initiative. In December 1991, at its congress, its name in the Czech Republic was changed to Independent Initiative. Its chairman is Miroslav Mitlohner. The party is standing for election in all election krajs of the Czech Republic.

42. Coalition of the Civic Democratic Party (ODS) and the Christian Democratic Party (KDS)

Civic Democratic Party (ODS)

Just like the OH, the ODS seceded from Civic Forum in February 1991. In April 1991, its constituent congress adopted its statutes and a program entitled "The Road to Prosperity." It is a rightist party professing realism and pragmatism. At the forefront of its interests is an accelerated economic transformation and support for private business. It is also concerned with maintaining a joint state—a federation with sensible jurisdictions. Its chairman is Vaclav Klaus.

Christian Democratic Party (KDS)

The basis for its development was an unofficial ecumenically oriented Christian group which formed in the first half of the 1980's. It has been a political party since 1989. It supports rapid economic reform and a unified state, arranged along territorial administrative principles. Its chairman is Vaclav Benda. The ODS-KDS coalition is standing for election in all election krajs of the Czech Republic.

* * *

Comment: The characteristics are based on the proclaimed goals of the individual parties and movements. The listing captures the status as of 16 April.

The Central Elections Commission has reserved the right to make decisions regarding five more political entities, should they decide to participate in the elections.

Dissension in FIDESZ Seen Over MSZP Ties*92CH0559A Budapest HETI MAGYARORSZAG
in Hungarian 10 Apr 92 p 9*

[Article by Zoltan Speidl: "In the Halls of Parliament"]

[Excerpt] Viewed from a distance, one can discern only a single, truly unified faction in parliament, that of FIDESZ [Federation of Young Democrats]. No one has left the faction yet; what is more, it has even obtained a new member from its liberal big brother, the SZDSZ [Association of Free Democrats]. However, this unity is only an illusion, one indication of which is that, for example, in Nagykanizsa the local party organization split up. This was reported by the press, as well.

Whoever views the occurrences from close up and is, even more, on speaking terms with a few Young Democrats, knows that the palette is not composed only of various shades of red in their case, either. One of the proofs of this is the article by Anzelm Barany, published in the FIDESZ press of 27 March 1992. Barany is, of course, a member of FIDESZ, but he thinks (thinks!) a little differently than those leaders of his party who are in the limelight and who probably prefer the tone of Magyar Narancs [Hungarian Orange—the official organ of FIDESZ] on the visit of the shark [as published] to that of the article I just mentioned.

The author, analyzing his experiences in Bonn during the past five months, states: "The German model of constructive opposition is a better example for us to follow than the Anglo-Saxon model, which concentrates on diminishing the government's authority." After further interesting and valuable discussion, he talks about the relationship of FIDESZ and the MSZP [Hungarian Socialist Party], one which promises to produce offspring before long. In my opinion, this offspring, should it be conceived, must be exempted from the scope of even the strictest law forbidding abortion.

Let us read further what Anzelm Barany has to say: "Mr. Orban and I disagree on a few questions of detail, as well, but our greatest point of contention is the evaluation of the MSZP" (i.e., at the last congress of FIDESZ). Why does he disagree with Viktor Orban? "I mention only in passing that an Indian who grew up on the reservation of the Istvan Bibo college of specialists in the 1980's has a much easier task in overcoming his indignation at the communist system than the smallholders who spent the better part of their lives in the Iron Age of the Wild East, and whose careers were irreparably broken by the rule of the comrades. The least we can do is to try to show understanding for those who spent the winter in prisons and labor camps, or who were forced onto a sidetrack while the newly registered old guard, the members of Horn and Company, Ltd., were able to pursue a profitable career using their party books as an admission ticket."

He writes further: "We must never forget who are the sly, smooth perpetrators and who are the crippled victims...." He talks about the experimental balloon—the idea of a coalition of the left—launched by Ivan Lipovecz in HETI VILAGGAZDASAG [HVG], an idea which is being nurtured so enthusiastically by Gyula Horn, who emphasizes the multitude of common (comradely?) ties between the MSZP and FIDESZ. Barany is astonished that for many members of FIDESZ, Csaba Hamori and Pal Vastagh are not only more acceptable than Istvan Csurka and Balazs Horvath, but are also more acceptable than Istvan Szabo and Ferenc Kulin. "But," he writes, "personal sympathies and antipathies aside, the greater part of the MDF [Hungarian Democratic Forum] is for me, in spite of any of its populist features, an acceptable coalition partner, while the MSZP is not." He states: "The MSZP was not born in October 1989.... I am more and more inclined to interpret what happened at that time as the organized withdrawal (or the forward retreat) of the farsighted, sly segment of the old regime from political power into economic power."

Unfortunately, for lack of space we cannot quote in full the author's argument, at the end of which he states: "Miklos Nemeth is—in my opinion unjustifiably—much more popular in the polls than Jozsef Antall." Finally, a quote to prove that FIDESZ must also contain people who are thinking as an opposition, but as a constructive one: "One cannot with impunity weasel out of answering the questions about why someone wins or loses in the process of changing the system, and how we should share the burdens of transformation." I wish for the country (and for ourselves as well) an opposition that thinks like this. [passage omitted]

Justice Minister Answers Charges Against Him*92CH0537A Budapest NEPSZABADSAG in Hungarian
23 Apr 92 pp 1, 4*

[Interview with Justice Minister Istvan Balsai by Andras Sereg; place and date not given: "The Justice Minister Complains About the Opposition's Concentrated Attack; Dr. Istvan Balsai: No New Constitution Is Necessary"—first paragraph is NEPSZABADSAG introduction]

[Text] In this interview given to the NEPSZABADSAG, Dr. Istvan Balsai comments that, because of the chief justices he has appointed, a concentrated attack has been launched against him, the likes of which has perhaps never been experienced by any of his fellow ministers. Balsai also speaks of the reform of the criminal process in which, for instance, the protest on legal grounds would be changed to the plea for nullity and the institution of bail would be introduced. Balsai explains why the election law must be modified and why, for the time being, no new constitution is needed.

To begin with, the NEPSZABADSAG's correspondent directed the following question to Dr. Istvan Balsai:

[Sereg] Mr. Minister, the first round of the application process for judicial seats has come to an end. You have been sharply criticized in connection with your appointment of chief justices, and subsequently you reacted rather angrily in an interview.

[Balsai] Upon returning from a trip abroad, I read the collected press comments on the appointments and at that time I had an extremely negative opinion indeed on the political and professional seriousness of the opposing views. I felt that I had to respond to the concentrated attacks against me, the likes of which has perhaps never been experienced by any of my fellow ministers. Incidentally, I still adhere to my statement.

[Sereg] In that statement, you used one or two adjectives that shocked several people. For instance, you called your debate partners infantile. This is quite unusual, coming from a minister.

[Balsai] I used the expression "politically infantile." But let me say that it was not I who started the debate; I only responded to the blows below the belt. A parliamentary party spokesman made the statement that Istvan Balsai recorded his name in Hungarian history in black letters. The deputy chairman of another party was even more insulting in describing my political and professional activity. And, since a minister is also a human being, he has the same rights as anyone else: He can express his opinion on the issue at hand. So much about the affair's political background. With regard to its professional aspect, parliament's Constitutional Court unequivocally decided that I was right. Of course, I also know about the petitions that have been submitted to the Constitutional Court. Why, it is not the minister but the statute itself that they attack.

[Sereg] In the meantime you announced three vacant chief justice positions, and that your opinion coincided with that of the entire judiciary. Were you exercising self-criticism?

[Balsai] No, I was not exercising self-criticism. Even if the justices had not been of the same opinion, I would have appointed the same three persons whom I did in fact appoint.

[Sereg] The role of the general judiciary conferences seems to be limited to formalities.

[Balsai] Not in the least. The general judiciary conferences play an important informative role in our application process.

[Sereg] Mr. Minister, in your supervision of court management, you are responsible for creating not only the personal but also the material conditions. For there may be good laws and outstanding judicial leaders, but one criterion by which citizens evaluate the level of justice is the speed by which they obtain a final judgment. But the situation is catastrophic in this respect: The mills of God grind very slowly.

[Balsai] The courts' personal and material conditions have been improved recently to a greater extent than during the entire period of the past two decades. I would mention a few facts. The number of judges has been increased by 600, salaries have been doubled, and almost 50 buildings have been added to the judicial infrastructure. We are spending hundreds of thousands for computers, and billions for buildings. Of course, there is still much "detail work." I would like to use the next two years for making our judicial system more effective. For that, however, we must examine the rules of procedure. For it is the judge's job to uncover the truth, regardless of any documents at hand or the intentions of the parties. However, in the opinion of some people, that is not what his job is, but rather, that he should decide legal debates, which would also have the additional benefit of not undermining the sound foundations of the resolutions.

[Sereg] One reason why the judicial system is widely criticized is that while crime is rapidly increasing, sentences are becoming less and less stiff.

[Balsai] I do not think that sentences lack toughness; rather, administration is slow. Primarily because the police and the prosecutor's office find it hard to cope with their tasks. It is not certain that imprisonment is the best way of reaching our penal objectives in every case. While the number of criminal acts directed against property has sharply increased, our most frequent sanction is still imprisonment. Even the experiences abroad indicate that huge crime waves can be battled through monetary punishment much more effectively than through parole under close supervision by parole officers.

[Sereg] What is the argument that supports the preference for parole?

[Balsai] Some hardcore criminals are precisely the ones who fear imprisonment the most and, therefore, in order to avoid it, they are willing to adhere to a basic code of conduct through an extended probationary period.

[Sereg] The prosecution bill proposal will soon be presented to the Antall administration.

[Balsai] According to our concepts, the prosecution would be put under the administration's supervision.

[Sereg] In that setup, would the prosecutor general work under the minister of justice?

[Balsai] Although the prosecutor general could be given instructions through the minister, he would not work as the latter's subordinate in administrative terms.

[Sereg] In what way will the procedure of appointing the prosecutor general be changed?

[Balsai] According to our proposal, the minister of justice would have some authority regarding personnel. But I would like to stress that the bill proposal leaves the organizational integrity of the prosecutor's office intact.

[Sereg] The Constitutional Court recently declared the institution of protest on legal grounds to be unconstitutional. Time is pressing, for the present rules will cease be effective on 31 December 1992.

[Balsai] Our starting point was that as long as we do not have a finalized view in connection with the judiciary's system of forums, we will refrain from making any proposal that would increase the three judicial levels by adding additional units.

[Sereg] This means, then, that the reinstatement of the office of county court judge has been taken off the agenda.

[Balsai] We are not ready for that today. This is why we are planning to replace the protest on legal grounds with the plea for nullity. As it is known, the chief justice of the Supreme Court and the prosecutor general have been the only ones able to protest on legal grounds. However, the plea for nullity would become everyone's personal right: Just as in the case of the protest on legal grounds, one could appeal an unfounded or allegedly unlawful final judgment to the Supreme Court within a specified time period. All this does not mean, of course, that we have entirely given up the idea of the county court judge. But we have little time till the end of the year.

[Sereg] What is included in the modification of the election law?

[Balsai] The Antall administration will submit the modification of the election law together with the nationality law; it is our intention that this would regulate the political representation of the nationalities in parliament. The main point of our proposal is that voters would get three voting cards instead of the presently used two. The third one would be used for voting on the national nationality list. Casting the votes in this manner would enable us to put the nationalities in the position where the candidate on the nationality list could be elected to parliament in accordance with the general election law. However, the voter would put only two of the three cards into the ballot box: one for the individual candidate and the other for the nationality or party list.

[Sereg] Mr. Minister, you promised two years ago at your committee hearing that the drafting of the new constitution would begin toward the end of the session. Now that it is half way through, what are your thoughts on this issue?

[Balsai] I do not see any practical possibility of the Antall administration beginning the process of drawing up a constitution during the present parliamentary session. I feel that neither a practical possibility nor a political necessity for it exists. I am convinced that our present constitution meets the criteria of a constitutional state.

International Controversy Over Milovice Airfield

92CH0569A Budapest *MAGYAR HIRLAP*
in Hungarian 22 Apr 92 p 2

[Article by Peter Nyaradi: "Confusion About the Milovice Airfield"]

[Text] From our Prague correspondent—It may not be by chance that both the Pentagon and every ministry of the government of the Czech and Slovak Federal Republic concerned in the matter so resolutely offer denials. An article appearing in U.S. NEWS AND WORLD REPORT on the matter made the question assume international proportions whether the former Soviet airfield in the vicinity of the Austrian border about 30 km to the south of Brno will indeed become a civilian airport. The representatives of the United States adamantly deny that the new airfield has a military function, as well, and they refuse to admit altogether that the airfield could be an intermediate base of the American quick strike force on the way to the former Soviet Union, or even to the critical areas of the Middle East.

However, in Prague it was pointed out that certain individuals insist perhaps more than might be necessary on retaining the Milovice airfield. It has been demonstrated by both aviation and civilian experts that in a country the size of Czechoslovakia, another enormous international airport cannot flourish such a short distance from Prague's international airport. Moreover, the conversion of this half-finished, or rather half-destroyed, airfield would require billions, whereas the complete reconstruction of the Prague airport would not cost more than 200 million korunas. Still, some people are insisting that the plan be carried out. One proof of this is that, for example, during President Havel's recent visit to Moscow to sign the Czechoslovak-Russian agreement on basic principles, the Czechoslovak party waived its claim for reparations that could have been demanded for environmental destruction during the occupation. At the time, sources close to the president named the Soviets' lack of money as an explanation for this action. However, observers in Prague noted that the Pentagon has prepared a very generous plan and would be willing to allot 2 billion dollars to the conversion of the Milovice airfield.

Political 'Consensus' Reached on World Expo Head

92CH0508A Budapest *HETI VILAGGAZDASAG*
in Hungarian 28 Mar 92 pp 81-82

[Article by Ibolya Jakus: "Expo Personnel Changes—Exhibited"—first paragraph is HETI VILAGGAZDASAG introduction]

[Text] The "Etelka Barath" era, which lasted almost eight months, has come to an end. During that time, although Etele Barath still occupied the government commissioner's chair, it was already well known that it was only a matter of time until he would be replaced by

Budapest General Assembly's MDF [Hungarian Democratic Forum] faction leader Mrs. Etelka Pataky Barsi. However, even after this change of personnel, the basic question of the Budapest Expo remained unanswered, namely, where the money would come from for organizing this event, which by now can hardly be called a grand show but which will be expensive nonetheless in view of Hungary's financial situation.

Even the Expo's opponents said good-bye to replaced Etele Barath in a mood best described by "The Expo will eat its children," or "The Moor has done his duty." This apparently biased regret was probably largely motivated by the fact that Barath's replacement by Mrs. Etelka Pataky Barsi appeared to be a classic political change of personnel. Indeed, there have been many indications of this: It is widely known that Etele Barath is nonpartisan, that he had occupied a high government position in the previous regime, that his family members are committed to the FIDESZ [Alliance of Young Democrats], and that he has made some rather unflattering public statements about a few leading government officials. Thus, it was easy for the superficial observer to create the following picture: After Etele Barath pulled the chestnut [out of the fire], i.e., the BIE [expansion not given] registered the Expo, he was replaced by Mrs. Etelka Pataky Barsi, who is said to have been a zealous party soldier.

However, appearances are deceptive, and this "clean" version is as false as its opposite, frequently voiced by Mrs. Barsi, namely, that in her person the Expo will now simply be headed by a true expert, finally without any party connection.

The truth probably lies between these two explanations. Many claim that Etele Barath deserved his dismissal for professional reasons as well; on the other hand, a consensus has developed among Budapest's party factions regarding Mrs. Barsi, although she has in fact the administration's great confidence. Not that they had many choices, for since it is the government that officially sponsors the Expo, while Budapest opposed it earlier, it was expected and natural that a person close to the power establishment would be given the task of heading the institution doing the preparations. Everyone thought that Mrs. Etelka Pataky Barsi was better than a nonpartisan commissioner, for many claim that she is dedicated to Budapest, or at least to her profession (she is a city planning architect). In decision making, this attribute of hers may compensate for her possible political alliances, and her "independent" activity is thus conceivable, they hope. In the final analysis, the situation now is that the MDF candidate, defeated at the mayor's election, has now won against Gabor Demszky, the winner. For, in view of Hungary's and Budapest's financial situation as well as the text of the Expo law, it is evident that in the coming years all development in Budapest will be subordinated to the Expo. Thus, while Mrs. Etelka Pataky Barsi may act as, say, the inaugurator of a new bridge, the "policing" of the underpasses will be left to Gabor Demszky, which is not exactly as good an entrance ticket to the next local government elections. True, Gabor

Demszky has also been appointed to join Bela Kadar as honorary president of the Expo council lead by Mrs. Barsi, but, as its name also suggests, this is not an operative function.

However, the way many people see it, Budapest, if not Gabor Demszky personally, may profit from the Expo deal. Allegedly, cooperation in the Expo was the basis of Budapest's "program of unity," which will serve as a framework for providing the capital city with some money, infrastructure, and an opportunity to operate without the government parties' political campaigns—in exchange for supporting the Expo and Mrs. Barsi.

Incidentally, according to insiders, Budapest's leadership was so involved in the deal that at the BIE general assembly in Paris their delegates exhibited complete loyalty to the Expo which they opposed earlier. After all, it was allegedly this, as well as the government's intensive diplomatic efforts, and not Etele Barath's activity that led to the Expo's registration. Indeed, it is rumored that this was achieved despite the former government commissioner's unsatisfactory performance.

With regard to Etele Barath's professional activity, although at the time of his appointment he criticized the performance of incumbent government commissioner Laszlo Somogyi, he subsequently supported his predecessor's giant-mania concepts, responding to criticisms through the old regime's methods of silencing people. This is how it took longer than desirable to find out, for instance, that Hungary was allowed to organize not merely a general expo which would mean an "opportunity of the century" but rather trade expos that have been organized recently as often as twice a year. In addition, the government commissioner lead the whole world to believe for months that he had not less than 8 billion dollars' worth of investment proposals in his bag instead of the minimum 1 billion dollars needed for the Expo. Etele Barath's destiny was sealed by subsequent inquiries by experts which proved the opposite.

Of course, the main point seems to be, whether this change of personnel will solve any of the Expo-related problems that are becoming more and more enormous. Before his appointment, still as an architect union member, Etele Barath stated, among other things, that Budapest's city center was unworthy of a world event in its present condition and that we should not even begin if construction for the Expo would not start within a year. Three years have passed since then, but nothing has happened aside from the downtown's further deterioration. Now the chairman of both the program office and the Expo council seems to be perplexed. Even to the persistent questioning by the daily papers, he was able to say only that the first thing he would do is to speak with Etele Barath. The program office will probably also have to be reorganized: It is said that most of its staff left before being let go. And Bela Kadar's Ministry of International Economic Relations, which allegedly represents a concept of organizing the Expo that is different from that of the program office, lacks not only a concept but

also an Expo staff. On the other hand, it is almost certain that more decisions regarding personnel will follow. For the executive positions of limited companies that are supposed to handle the Expo, as well as real estate investments, are vacant. The only thing we know at present about the candidates is that one of them will be a Gambling, Ltd., executive. This would perhaps bring some benefits, for in the coming years the Expo will probably remain the greatest gamble in Hungary.

Construction Firm Official on Controversial Dam

92CH0569B Budapest NEPSZABADSAG in Hungarian
15 Apr 92 pp 1, 3

[Interview with Julius Binder, a Slovak business executive, by Tibor Kis in Prague; date not given: "Androsch-Credit Not Only to Bos"—first paragraph is NEPSZABADSAG introduction]

[Text] It has been confirmed in Pozsony [Bratislava], although the Czech and Slovak media had not yet reported it by Tuesday afternoon, that on Monday a Slovak-Austrian agreement was signed in the Slovak capital on the financing of the Bos hydroelectric power station. The loan was arranged by the company run by Mr. Androsch, former vice chancellor of Austria. On the Slovak side the agreement was signed by Julius Binder, director of the construction company that will carry out the work. The Prague correspondent of our newspaper inquired yesterday from Julius Binder about the content of the agreement.

[Kis] Mr. Binder, could you give us a few details to characterize the agreement?

[Binder] Sorry, I cannot. This is an important economic agreement. The Hungarian party did not tell us either at the time what the conditions of their agreement with Austria were on Austria's participation in the Nagymaros project. By naming details I could also be revealing trade secrets. By the way, this agreement is not on the governmental level, but rather on the corporate level. So far we have not given important details of our agreement with Mr. Androsch to anyone. For reasons of friendship we have informed appropriate parties that such an agreement has been made.

[Kis] There exists a rumor according to which the document signed on Monday is similar to the one on Nagymaros, namely that you deliver energy in return for the loans.

[Binder] Let us suppose that this is the case.

[Kis] Can you tell us whether the loan will be used to complete the C-variant, or is there a possibility that the hydroelectric power station will be completed as a joint venture?

[Binder] The issues cannot be differentiated like this. Incidentally, we have the money for the C-variant; it will be supplied by a Slovak bank. However, now we are

forced to complete jobs which, according to the original plan, were supposed to have been completed by the Hungarians, but so far they have not. This means an expenditure of billions for us. Furthermore, we are implementing ecological projects as well, because we want to preserve the quality of the water. This was the purpose of the agreement, which essentially enables us to complete the jobs according to the original plan.

[Kis] But these funds can also be applied to the C-variant?

[Binder] Of course they can.

[Kis] The agreement is supposed to name a sum close to 10 billion.

[Binder] Yes, but in korunas and not in schillings. By the way, this money will not be spent on Bos alone. We will use it to finance other projects as well, for instance the hydroelectric power station in Zsolna or other water-development projects which we need to build on the river Vag because Nagymaros will not be built. There is some talk about other projects as well, such as providing drinking water for a number of communities.

[Kis] In your opinion, will the agreement signed on Monday improve or weaken the chances that Czechoslovakia and Hungary will come to an understanding in the matter of Bos?

[Binder] We are convinced that we will come to an agreement with Budapest about the construction of the system of dams on the Danube, including the power station at Nagymaros.

[Kis] And if you are not thinking in terms of the future, but looking at the situation today?

[Binder] It is evident that the Hungarians have stopped work in the area of Bos and Nagymaros, and they do not want to continue. The Hungarian parliament decided to drop out of further work. I do not know if there is anything in a situation like this that we could come to an agreement on. The Hungarian government cannot take steps contrary to parliament, and yet our negotiation partner is the government. I will be completely candid: The Hungarians, with their present maneuvers, with their proposal to set up a joint committee of experts, merely intend to make the continuation of the project impossible. Hungary does not want to and cannot continue work on the project until the Hungarian parliament makes a different decision.

[Kis] In your opinion, what conduct would be appropriate for the two governments at the moment?

[Binder] I think the Hungarian parliament ought to take the next step, and the correct action would be to revoke its decision on the dam. After this, I think we would be able to come to an agreement with Hungarian representatives on the conditions for completing the project.

Minister Submits Media Bill to Parliament

*LD1505184492 Budapest Kossuth Radio Network
in Hungarian 0710 GMT 13 May 92*

[Address by Dr. Tamas Isepy, state secretary at the Ministry of Justice, presenting the Radio and Television Bill to the National Assembly in Budapest—live]

[Text] [begin recording] Esteemed Mr. Speaker, esteemed National Assembly, esteemed fellow deputies: I think that a bill that has long been awaited by everybody has now been put before the esteemed National Assembly for debate. This bill is the Radio and Television Bill, which, I think, was born as a result of a unique procedure of a law being prepared in the crossfire of discussions. You also know that the National Assembly Press Subcommittee has had the bill on the agenda continuously for more than a year and contributed to every detail of its preparation. This unusual, perhaps, procedure for preparing the bill was justified by its outstanding importance which was recognized by both the government and the parliamentary parties unanimously and in concert. The intensive Press Subcommittee debates created a certain six-party consensus in the subcommittee at certain points of the proposal, which, as we expect, significantly increases the chance of parliamentary acceptance of the proposal. By this, it would create enough guarantees for the adoption of a modern law. Before the presentation of the bill, different variants—exactly six different variants—were prepared and debated by numerous professional organizations as well. We used their opinions and proposals, in a spirit of openness, in the variant of the bill which is in front of you.

Esteemed National Assembly, the political and social changes which have taken place in the Hungarian Republic and the changes in the field of so-called electronic mass communication in Europe and in our country make modern legal regulation necessary. In the developed western democracies, these two influencing factors have never appeared at the same time in the course of legislation; thus, domestic characteristics had to be taken into consideration during the preparation of the law. At the same time, throughout the process, we had to take the international obligations of the Hungarian Republic arising from its endeavors toward European integration into consideration. As a result, the bill accords with the agreement of the Council of Europe on transnational television broadcasts and with related EC directives as well.

Esteemed National Assembly, allow me to say a few words about some of the more important parts of the bill which have principled significance. First and foremost, we have to assert that the Hungarian radio and television broadcasting system [musorszolgaltatas] must serve the constitutional order, the democratic political system, and must give expression to the expectations of the community of European nations. The broadcasting

system must function in such a way that the international commitments which the Hungarian Republic has undertaken in this sphere are asserted, and that Hungarian radio and television should themselves be capable of integration into European audiovisual frameworks.

The bill asserts these demands in such a way that in the meantime it creates legal guarantees to ensure that press freedom and freedom of opinion can be asserted to the maximum in the area of radio and television. The bill lays down at the level of a basic principle the general substance of framework regulations for broadcasting in harmony with press freedom, with the European agreement on human rights, as well as with the Council of Europe's agreement on television, which transcends frontiers.

The bill singles out in particular the basic rules of public service broadcasting. According to this, the public service broadcaster is obliged to supply news regularly, comprehensively, multifacetedly, objectively, and impartially about events, facts, and disputed issues at home and abroad which are of public interest.

The bill also details the particularities which give meaning to the public service nature of radio and television: for example, tuition and education, the presentation of artistic and literary values, entertainment of a high standard, the propagation of knowledge.

The bill designates separately those social groups—for example, children, young people, national and ethnic minorities, people who are in a seriously disadvantaged situation—to whom the broadcaster must offer special programs.

The bill gives high priority also to programs made in the sphere of religious life and of the churches which are connected with various faiths.

The bill unequivocally lays down the legal status of Hungarian radio and television, the most important regulations relating to their operation and economic management, thereby putting an end to the situation that prevails at present and which is not free of contradictions either. The bill provides for a legal status which, on the one hand, guarantees the independence of Hungarian radio and television, while on the other hand, within supervised frameworks, creates the economic conditions necessary for their continuous operation.

According to the bill, Hungarian radio and television will perform their public service broadcasting activity as a so-called publicly funded budgetary organ [kozalapitvanyi koltseghetesi szerv], set up by public funds allocated by the National Assembly. Therefore, the present direct budgetary dependence of these two institutions will cease.

At the same time, apart from assuring the operational independence of the institutions, the bill also creates the social supervision of their public service operation.

Social control will be exercised by the committees supervising Hungarian radio and television. This supervision, however, will not and cannot curtail the independence of the institutions, and cannot lead to operative interference in program policy.

My esteemed fellow deputies, in accordance with general practice abroad, the bill will create a special official organ [kulon hatosagi szerv], the Radio and Television Office, to perform the official tasks connected with broadcasting.

The important role which the Radio and Television Office plays in the broadcasting system demands regulation that guarantees that the office performs its tasks independently, subject only to the laws and to open social control.

The bill satisfies these demands when, in a way that is virtually unique in the Hungarian system of state administration, it creates the guarantees that prevent any kind of curtailment of the office's independence.

This objective is served by the provision relating to the appointment of the office's chairman through public competition, with the cooperation of the social council that operates alongside the office, as well as by the other provisions relating to the social council which also supervises the legal operation of the office and which embodies social control.

I am of the view that there is no need to prove that if the Radio and Television Office performs its tasks under constant public social control, which is effected by an independent body, this will represent an appropriate guarantee that in the course of its operation it will and can only proceed on the basis of the legal provisions.

According to the bill, similar to practice abroad, broadcasting can be performed exclusively on the basis of a license issued by the Radio and Television Office. The licensing procedure is regulated in detail by the bill. The most important basic principles of this procedure are as follows: The procedure is public in its absolute entirety. The office can only exercise its authority of discretion in accordance with the viewpoints determined in the law. In the course of the procedure there is room for legal remedy by judicial means against decisions made by the Radio and Television Office.

Therefore, on the one hand, the bill creates conditions of economic competition on the broadcasting market, but at the same time it seeks to forestall the development of radio and television monopolies, preventing a few economic interest groups from appropriating information and thereby strangling broadcasting services that satisfy multifaceted and varying interests and needs.

Apart from this, by virtue of limiting the role undertaken by foreign capital, the bill wishes to support those who provide Hungarian broadcasting, and the national values which they uphold, in such a way that at the same time it should not exclude the desirable presence of foreign

capital. The assertion of this would not mean any kind of departure from the general European concept from which originates the practice of stringently curbing foreign capital investments in radio and television broadcasting.

Esteemed National Assembly, I think it is not necessary for me to emphasize the outstanding significance of this bill. With the adoption of this bill we will place the Hungarian broadcasting system on entirely new foundations, and what is more, in such a way that we satisfy the constitutional requirement of press freedom, the demands which the modern age puts before us and expects of us.

It is my conviction—and I hope that my fellow deputies are also of this view—that Hungarian society needs a modern radio and television law that accords with the basic demands of democracy, because with this it will create the legal conditions for free radio and television in Hungary. That is why I ask the esteemed house to adopt the bill thus enabling comprehensive regulation, at the level of a law, to guarantee the Constitution's provisions relating to press freedom in radio and television broadcasting.

Thank you for your kind attention. [applause] [end recording]

Economic Policy Performance Assessed at Midterm

MDF Leader on Difficulties

92CH0516A Budapest FIGYELO in Hungarian
9 Apr 92 pp 7, 19

[Article by Tamas Szabo, Hungarian Democratic Forum leader: "A Hard Slog"]

[Text] Hungary arrived in the 1990's under given conditions that were both exceptionally fortunate and particularly adverse. Unprecedented opportunities to shape its own path opened up before Hungary. But its legacy—the "socialist" world system's estate in bankruptcy; the noncompetitive structure of industry, agriculture and food industry; the rigid and difficult-to-change system of redistribution through the state budget; the lack of capital and entrepreneurship; the debts that piled up at the expense of future consumption—burdened with severe stresses democracy's and the economy's very foundation, the creation of a market economy.

People no doubt fostered illusions about miracles. But the government's 1990 program and its presentation by the prime minister in parliament spoke of something else: of the hard slog ahead. The new leadership was forced to confront conflicts whose resolution the previous governments had kept deferring, and not accidentally by any means. Because, from the viewpoint of party politics, resolution of the conflicts required undertaking a suicidal role, since very many values and interests were involved. The challenge of competition had to be made

perceptible; world-market prices had to be "let loose" on the domestic economy and society; fiscal discipline had to be imposed to restore the state budget's balance; a radical transformation of ownership had to begin, setting off an endless controversy; redistribution through the state budget had to be curtailed and subsidies ended. And the concomitants of all this were a temporary recession, severe unemployment, a loss of political support, and an historically unprecedented restructuring of the economy at dramatic speed, with all its uncertainties and political risks.

New Doctrines

In May the ruling coalition that won the free elections will have reached its midterm in office. Assessments of its performance will be fraught with passion and politics. Prejudice and, heaven forbid, hatred will openly emerge from some of the assessments. Others will voice their displeasure with sad resignation, and still others will contain elements of self-justification. Day-to-day politics and a lack of objectivity will be the background of every assessment, and obviously this writer too may be faulted in that respect.

Analyses of the East European economies' transformation and evolution, the new doctrines and theories, must necessarily provide solutions to the following tasks:

- Democratization of the system of political institutions, and the need for political stability during the transitional period;
- Orientation on the world's political and economic centers;
- Putting in place the market economy's legal, institutional and other prerequisites, while maintaining the economy's and society's "ability to function";
- Creating competition and owner's control as the market economy's essential elements;
- Handling the macroeconomic effects (on equilibrium, inflation, and unemployment) of the changeover;
- Meeting the particular challenges that arise in practice during the changeover; and
- Providing the prerequisites for growth.

There can be no successful modernization without political stability. The political roundtable talks in 1989 produced the main framework for a rule-of-law state; the elections assigned the roles; the constitutional changes enacted after the much-criticized pact [between the MDF (Hungarian Democratic Forum) and the SZDSZ (Alliance of Free Democrats)] produced stability that has made the country governable; and the enactment of new legislation has been proceeding since the elections in the spirit of building a new statehood. The system of local governments has created stable sharing and balancing of power, with the separation of powers, checks and balances, and with openness as well. A chain of events has taken place that can neither be reversed nor reinterpreted. The delicate balance and political stability embrace the economic sphere, gently and without intrusion.

Around us a world system collapsed, within minutes on history's time scale. A new orienting point and realignment were necessary.

Our Advantage Has Improved

Regarding markets, a country can become completely unstable if it loses a third of its markets within a year or two. If the country's fabric suddenly becomes rent, many years will be needed for it to become whole again. Considering the changeover's enormous scale, Hungary has responded to the challenges with a relatively mild recession; with accurate and provable facts of having gained ground in the new world; with export expansion; and with stable general conditions. It is striving to counterbalance the collapsed system of CEMA relations and has signed an association agreement with the European Community. After centuries, the country is once again in the immediate proximity of the world's center of development. And the Antall government has not committed an error of proportions either: with their investments, the American continent and the Far East have demonstrated their favorable assessment and the balanced presence of a multipolar world.

It is undeniable that, among the countries of Central Europe, Hungary has solved the first phase of adjustment the best. This is where the bulk of the investments is being made, where the deposits are flowing, reserves accumulating, foreign tourism is growing and export expanding the most. The first phase of adjustment has improved our comparative advantage of being "the country of reform."

The new guiding principle, the functioning of market forces, likewise required creating a new framework. A satisfactory and market-conforming solution has been found also to East Europe's unavoidable problems relating to former owners. A system of unemployment benefits, the fundamental part of the social safety net, was already in place by the beginning of 1991. Competition and the liberalization of prices developed further on their earlier foundations, to become a definite system. The legal and institutional prerequisites for safeguarding competition have been ensured. With the liberalization of import and prices, the freedom of entry into the market, and the new (private) sector's sudden growth and expansion, the economy achieved a breakthrough in creating competition. Practically day by day, the legal framework suits a market mechanism ever better. In addition to the tax system, also the financial sector's statutory regulation, the new accounting rules, and the bankruptcy and liquidation procedures conform to a market economy's solutions. At the same time, the Hungarian market economy still lacks many institutions—a warranty system, area development associations, a mortgage system, incubator houses—for the establishment of which there is a pressing need.

Everything at Once?

Everything is needed at once. Simultaneity may be a pious wish but is not feasible. A rule-of-law state is

reluctant to accept drastic shock therapy, so-called zero days, even in its economy. Change can only be the result of a process. The most important positive lesson of the transformation in Hungary is that it is based on processes and generates processes. There are no miracles, only exhausting and busy everyday.

A market economy can be created only on the basis of capital controlled by real owners. For a reform of ownership it is necessary to support simultaneously the emergence of owners, the demand and supply of property, and all the institutions that pave the way for a change of ownership. The Hungarian Government did not yield to the temptation of spectacular schemes to give away assets, but chose instead the market-conforming path of inducing processes, even if they are sometimes agonizing. Local governments were formed during the past two years and have become real owners of much more than 10 percent of what formerly were state assets. The new forms of cooperation will break up the property base of the kolkhoz system that functions as a state system, and that aggregate of assets will be placed under the control of real owners, identified by name. That will affect at least 15 percent of "socialist society's" total assets. Compensation affects a few percent of total assets and entrusts the changes in ownership to market processes.

The private sector's striking gains are also a part of the rearrangement taking place in the structure of ownership. Those gains include foreign investment that transplants industry standards—in the automobile industry, for instance—as well as the sudden expansion of the domestic private sector. It would be hardly believable that the private sector's share at present is less than between 15 and 20 percent.

Recession

The strategy of ownership and privatization will create a clear situation. The state will retain ownership, in marketable form, of a small volume of assets that are of strategic importance. Regarding the huge aggregate of assets intended for sale, however, there will be a breakthrough of private-sector logic, with the help of techniques that will quickly establish owner's control. A foretaste of this will be the privatization of banks and telecommunications that is to begin this year.

A more or less closed Hungarian economy has been confronted simultaneously with a loss of a substantial share of its markets, with the effects of world-market competition, and with the limits of its own competitiveness. Therefore the recession is normal. It is normal that the ending of subsidies, the complete liberalization of prices, and competition have been accompanied by sudden jumps in the price level and abrupt changes in the price ratios. The mass unemployment is also normal. And disequilibrium—in the balance of trade, the state budget, and the balance of payments—could likewise be normal.

But the facts are not unfavorable. The rate of inflation has remained within the forecast limits, its rise broken. Our [international] liquidity is stable. The recession during the first two years and the rise in unemployment are big problems; in my opinion, however, they have been unavoidable.

Italianization

We are facing a series of new challenges. What we should deal with first of all perhaps is the problem of "Italianization." An ever wider segment of the economy is evading taxation and thereby accumulating its new capital. That often is illegal and demoralizing. It undermines the market economy's sound ethics. From which it practically follows that the accumulation of capital is a challenge to society. Politically it is an extremely difficult problem that the new bourgeoisie capable of modernization—i.e., the upper and the middle bourgeoisie—carries out the recapitalization specifically at the expense of that middle class, in its wider sense, which has been and is the base of the civic parties that are now in power.

This social base is linked to the order of magnitude of, and the changes in, the system of redistribution through the state budget. Substantial cuts in such redistribution are hardly possible under the conditions of a shrinking economy. Only a gradual transition and restructuring can be realistic.

In a shrinking economy it is likewise impossible to answer the challenge posed by changing living conditions and their differentiation. After all, unworkable egalitarianism would be the only alternative. The existence of earlier large pressure groups, of lobbies, and their ability to assert their interests create a particular stress. They have undoubtedly become stronger.

The Antall government's first two years will enter Hungarian economic history as a period of agonizing but successful preparation for sound growth. Now the question is whether the rapid and, to date, successful adjustment remains unbroken, and whether the compelling stresses and the economy's already developed ability to adjust will shift the Hungarian economy—with some help from the government—to a new path of growth.

SZDSZ Economist Sees Downturn

92CH0516B Budapest FIGYELO in Hungarian
9 Apr 92 pp 7, 19

[Article by Marton Tardos, Alliance of Free Democrats economist: "Clouds After Sunshine"]

[Text] The elections in April 1990 laid the political foundations for an independent, democratic Hungary's development. Parliament enjoyed the confidence of the population's large majority. The optimism of many people was boosted also by the coalition parties' promise that the government would resolve within a relatively short time the economic crisis created by the party-state,

and an upswing would soon begin that would raise Hungary to the level of the European countries.

Five Reasons

The events of the past two years have made this bright picture of the future rather cloudy. On this occasion I wish to dwell on five economic elements of this overclouding.

National income has continued its decline, and the economy's performance is 13 percent lower than its peak in 1987. The unemployment rate has already reached 9 percent. Prices are rising steadily, and real wages—not to mention real pensions—are declining ever faster. Liquidation of the inefficient state and cooperative sectors created by the previous political system has started processes that citizens find bewildering. Instead of raising hopes that an efficient economy will develop, these processes are causing unwarranted and objectionable income differentiation. As a rule, the losers in this income differentiation are ordinary people, while often the politically cunning of the past or present emerge as the winners. The systems of public services—health care, education, and culture—are collapsing; though they caused much dissatisfaction in past decades, they nevertheless managed to function somehow or other.

Political Overtones

The unfavorable economic phenomena, which have surprised everyone, are accompanied by two political overtones that originate from circles close to the government and are difficult to understand. According to the first overtone, the cause of all the trouble is a lack of confidence in the government that the opposition and the press are generating, by questioning the government's ability to govern. The lack of confidence, this view holds, stems from the elected parliamentary majority's inability to assert its will. According to the other political overtone, the general situation in the country, in spite of the unfavorable phenomena listed above, is good, and this is reflected also in the West's favorable assessment of Hungary. The fact is that today, just as at any time since the 1960's, Western politicians and journalists generally write with praise and great appreciation about the conditions in Hungary and the Hungarian Government. The basis of their reasoning at present is that our society is peaceful, and we have no civil war or nationalist conflict threatening the country's unity. Inflation is under control, and the influx of foreign capital is relatively fast. The economy's decline does not exceed the objectively unavoidable extent caused by the Soviet and CEMA economies' disintegration.

In my opinion, the two views outlined above are fundamentally in error. The country's situation is truly bad, and society is facing a serious crisis. The basic cause of the difficulties is the social and economic structure inherited from the previous political system, but the government's policies have added substantially to the country's troubles.

Due to the party-state's legacy, we have to reckon with the fact that communist dictatorship has destroyed the system of institutions for society's spontaneous organization. That system had not been very strong even before and between the two world wars, but had functioned nevertheless. It was characterized by limited opportunity to assert civil rights, and by society's segmentation based on wealth and class background. The one-party system curbed private ownership, the market economy's foundation, so strongly in the 1950's that it is unable to become easily dominant even in the period of reconstruction following the 20 years of mild dictatorship under Kadar. The economy, built with efforts forced from the citizens by dictatorial methods, was able to succeed only in a market isolated from external competition, and where infrastructure services—highways, water-supply systems, telephone network, educational system, health care, etc.—did not keep pace with the rapid development of industry, for political reasons. The country is heavily in debt. Its indebtedness approximates GNP, and debt servicing absorbs more than 40 percent of export earnings.

Over and above the citizens' desire to survive and their endurance, the dictatorship itself enabled the country to function during the past decades. As the dictatorship weakened and was liquidated eventually, and as the CEMA and Soviet markets collapsed, so the domestic market opened up and the so-called socialist system of government, which had been based on centralized power and state ownership, became incapable of functioning. All this necessarily led to chaotic conditions and a declining output.

The Kupa Program's End

The inherited difficulties were further aggravated to no small extent by the government's failure to recognize in due time the severity of the objective and subjective difficulties. Up to now the government has been unable to chart with sufficient clarity a way out of the difficulties, and hence unable to mobilize the country for the concentration of effort needed to resolve the difficulties.

At the time of its formation, in April-May 1990, the Antall government still fueled the public's unfounded illusions about a rapid upswing that would come about with the help of Western aid. Ferenc Rabar, the government's first finance minister—in the second half of the year he began the elaboration of a policy of adapting to the partially adverse consequences of CEMA's demise, the Soviet economy's collapse and the domestic market's liberalization—was forced to resign, because his proposals came into conflict with the optimistic hopes of MDF's leaders. They then hoisted Mihaly Kupa on their shoulders. In his program he was able to harmonize the efforts to cope with the objective difficulties on the one hand, and the required blaring optimism on the other hand. But in 1991 the Kupa Program collapsed. Budgetary reform was postponed, and the tax burden has been increasing instead. Hasty and restrictive measures are being adopted continually.

The government's privatization efforts are weak. Domestic and foreign private capital's attempts to conclude deals are focused primarily on lots and commercial buildings. An important target for private investment is also the profit that can be earned by satisfying the demand for Western products or products manufactured on the basis of Western licenses. Occasionally privatization is not accompanied by modernization of the production technology and an increase in output, and instead the output declines. There are hardly any privatization efforts, or none at all, to purposefully create jobs and support domestic industrial strategy. Such a strategy itself is lacking. Practically no steps are being taken to promote the spirit of enterprise. Efficiency criteria have not even been formulated for the enterprises that temporarily remain in state ownership.

Uncertainty in the villages is greater than ever before. Both the area sown to crops and the livestock population are declining, because the dominant motive behind agriculture's transformation is not the efficient restructuring of farm production or its adjustment to effective demand, but a policy that is based on illusions about the feasibility of marketing farm products and wants to satisfy primarily the alleged interests of persons entitled to compensation. This way neither the domestic market's supply is ensured, nor the interests are solved of the hundreds of thousands of agricultural workers who do not want any land at all or want merely modest holdings.

Successful but Controversial

Monetary policy may perhaps be called the most successful element of the Antall government's policies; in spite of that, however, it is no less controversial. Strict control of currency emission—called restrictive monetary policy, with slight exaggeration—is nothing new in the Hungarian economy. The formulation of the related objectives, and also the criticism of restrictive monetary policy, had been on the agenda already under the Lazar, Grosz and Nemeth governments.

Like similar policies in the past, also this policy serves a threefold objective. First, by curbing the increase in the money supply, to exert economic pressure for the utilization of idle capacities and for the expansion of export. Second, to influence society's relations of income so that the consequences and burdens of reducing budgetary subsidies are shifted onto wage earners and salaried employees, in a way that will not evoke as much resistance as the rapid decline of real incomes would. And third, to keep inflation under control—i.e., to prevent galloping inflation. This objective is best served by price increases at rates that barely exceed the inflationary pressures released by ending subsidies and at the same time neutralize the unavoidable rise of nominal wages. The success of such a policy requires, among other things, that the banks' interest rates be higher than the rate of inflation.

This peculiar mechanism had been functioning successfully even before the Antall government came to power. The only question is whether this can truly be regarded as advantageous.

A cogent argument against restrictive monetary policy is that it had triggered the recession, but at the same time had proved unable to prevent inflation. This argument is valid in many respects. Indeed, according to official statistics, gross capital formation, so essential to restructuring the economy, is less than three-fourths of what it was in 1980. It may be assumed that the decline in gross capital formation is even substantially greater than what the statistics show, because, at constant prices, the value of the replacements and general overhauls needed to maintain the level productive capacity had probably been less than what the statisticians took into account.

However, the cause of the recession has been not the so-called restrictive monetary policy, but the complete absence of asserting the owner's rights in the economy. Typical of the said absence is that more bankruptcies did not result from the following: the significant contraction in 1991 of the state enterprises' domestic markets, or those of enterprises in which the state holds a controlling interest; the collapse of CEMA export; and the substantial rise in the forint's real value in terms of Western currencies.

That there are hardly any bankruptcies, in spite of effective demand's substantial decline, can be attributed solely to the fact that, in the absence of owner's control, a no small proportion of the enterprises are simply not replacing their consumed capital goods, in order to maintain jobs and avoid an open economic crisis. Indeed, they are even selling off substantial assets (lots, office buildings, stores, etc.) for income from which to pay current wages and cover material costs. Another source of these enterprises' survival is what they owe one another, the state, the social security administration, etc. A real owner would never tolerate this widespread consumption of capital on such a scale, and today's state should not tolerate it either. In conjunction with this living on capital, it should be explained that in many instances society does not benefit from the actual sale of assets—mostly real estate—that the enterprises are offering to sell. We still owe a more thorough analysis of this problem, but it is unlikely that the present demand for real estate and the present level of real estate prices can be maintained.

Speculative movements of capital that divert private initiative from industry and commerce are disadvantageous not only to society, but to investors as well.

In sum, the cause of the recession that has continued and even intensified during the two years that the Antall government has been in power, but which is still mild in comparison with the situation in neighboring countries, was not the so-called restrictive monetary policy, the inflation stemming from the ending of subsidies or the resulting high interest rates. No, the cause was the

collapse of the Soviet market and of the CEMA market in general, which the government failed to handle properly. The bankruptcies that will result from this will make their destructive effects felt only in the future. The cause of the delayed but deep crisis is that the government failed to prevent the state-owned enterprises from responding to their difficulties by living on their capital. So long as the enterprises are able to continue doing so, an economic upswing cannot start in Hungary.

Answers

It is not expedient to respond to the negative phenomena, as the government is now proposing to do, with privatization's central control and centralization. And it would not be a good solution to relax strict control of the money supply.

The Ministry of Finance must introduce strict measures to prevent capital consumption in circumvention of state control. An active privatization policy must be launched, and investors must be offered favorable conditions as incentives. The ministry must provide the initiative in organizing financial institutions and investment companies ready and willing to aid the economy's restructuring. The competing firms that are organizing the transformation of the system of ownership must be given incentives to find investors willing to undertake the economy's restructuring and to mobilize its latent potential.

[Box, p 19]

Speculation in Real Estate

Up to now the owners of idle capital started out from their experience that real estate prices rose faster in recent decades than the rate of inflation. Accordingly, they gladly bought in the real estate market. But incomes generated in this country will tolerate the present prices of lots and office buildings only as long as the supply remains very limited. As soon as trading in real estate becomes liberalized and the local governments appear as sellers in the market, the supply will increase and prices will begin to decline. The real estate market is already stagnating, and it is reasonable to assume that, sooner or later, it will collapse.

Trade Ministry Official on Bankrupt Enterprises

AU1505134092 Budapest MAGYAR HIRLAP
in Hungarian 14 May 92 p 9

[Article by Ibolya Veres including interview with Balazs Botos, deputy state secretary at the Ministry of Industry and Trade; place and date not given: "Most Bankruptcy Cases End With Elimination—The Industry Ministry Is Paying Special Attention to Its 14-16 Enterprises"]

[Text] The well-informed readers in bankruptcy affairs are probably not surprised that several ministries set up bankruptcy committees at the beginning of April to handle the expected effects of the bankruptcy law valid

since 1 January 1992. What has been done so far? Is it possible to help the firms that have been inefficient for years? How does bankruptcy affect the industrial ministry enterprises? We asked Balazs Botos to answer these questions.

Balazs Botos explained that every ministry is preparing concepts to deal with the expected unfavorable effects of the new bankruptcy law, concepts that can be made public so that the tax office and other creditors can see what attitude to take in the case of individual enterprises. The Justice Ministry will accelerate its information service, and the Ministry of International Economic Relations will provide information on the effects of bankruptcy on our exports. The Labor Affairs Ministry also has its task, namely to find out the effects of the bankruptcy process on employment.

The bankruptcy committee of the Industry and Trade Ministry has three tasks: it is trying to follow the bankruptcy cases that have already taken place; it is trying to forecast such cases; and it is trying to work out a crisis management program, and this is perhaps its major task.

Out of the 450 industrial enterprises belonging to the Industry Ministry, a total of 102 enterprises declared bankruptcy in mid-May, along with 15 enterprises of the 100 building industry enterprises; and three enterprises of the 200 domestic trade enterprises; a total of 120 enterprises. In addition to the building material industry, the situation is most unfavorable in the case of engineering and light industry enterprises. According to ministry forecasts, the number of bankruptcy cases will continue to increase by the end of this year, and this means additional 40-50 cases in the processing industry, 20-30 cases in the building industry, and 10-15 cases in the domestic trade.

If this forecast proves to be right, one-third of the industry ministry's enterprises will be affected by bankruptcy proceedings. These firms employ 140,000 people and provide 32-33 percent of our overall industrial production. Balazs Botos stressed that one should not draw extensive conclusions from these data, because one does not yet know what percent will actually end up with elimination. The relatively limited experience so far shows that most of the bankruptcy cases degenerate into elimination proceedings, because no agreement can be found.

Today, it is still difficult to assess the future percentage of bankruptcy cases. The attitude of individual ministries and of many creditors will obviously play a considerable role in future developments. Banks have been taking a rather rigid position in the coordination talks held so far. To a certain extent, this also applies to the social security and tax offices. A government regulation stipulates that a uniform position should be worked out on the basis of first information. This activity has begun under the leadership of the Finance Ministry.

According to the current position, state creditors will be asked to forfeit the interests and show flexibility in

rescheduling the debts, but no specific agreements are in sight yet. The fact that the concept is treating all the creditors equally, regardless of the size of the debt, causes serious difficulties. Therefore, it is possible that the law will be modified in the future.

It is also the task of the bankruptcy committee to find the possibilities of avoiding the effects of the bankruptcy law; the crisis management program was set up for this, and it will be submitted to a ministerial conference on 18 May, and then to the Economic Cabinet. However, only one part of this program deals with bankruptcy management; the other part contains proposals for measures intended to support the structural changes and the various ventures. Balazs Botos pointed out that only products with adequate quality certificates should make it to the Hungarian market, products that the Hungarian industry is unable to manufacture. As for the resources of this program, the possibilities are rather limited and, according to the Industry Ministry, funds must be allocated from incomes deriving from privatization.

The Industry Ministry is treating 14-16 enterprises with particular attention, enterprises whose total long-term debt stands at 44 billion forints. The ministry worked out proposals on rescheduling these firms' debts, abolishing the interest they are paying, or turning their debts into property shares. Most of these firms come from the engineering industry, but there are also chemical and light industry firms among them. Bankruptcy coordination proceedings have already taken place, and the ministry only participates in these proceedings if it is a creditor, too. This is possible in two cases: The ministry gave funds to the enterprises from the Central Technical Development Fund and the intervention fund. In other cases, the ministry will only participate in the proceedings if the firms in question deliberately ask the ministry to do so. General experience shows that the enterprises are making use of this opportunity.

In conclusion, Balazs Botos pointed out that the greatest failure of the bankruptcy law was that it is unable to differentiate between those who do not pay because others owe them, too, and those who do not pay because they are inefficient. There are chances of reaching an agreement in the first case....

Entrepreneurs Want More Investment Incentives

AU1505142392 Budapest MAGYAR HIRLAP
in Hungarian 14 May 92 p 10

[Interview with Frigyes Banki, head of the Investment and Joint Venture Department at the Ministry of International Economic Relations, by Gyorgyi Rajna; place and date not given: "Hungarian Entrepreneurs Also Need To Get on Course—The Boardwalk Is Too Narrow"]

[Text] Hungarian entrepreneurs complain that they do not get as many favors as foreigners. Through his position, Frigyes Banki knows this issue very well.

[Rajna] Are you satisfied with the \$3.2-billion foreign investments so far?

[Banki] Yes, because the \$1.8 billion that came into Hungary in 1991 far exceeded our expectations.

[Rajna] Being familiar with the level of Hungarian industry and with the sales, the better enterprises have been sold so far. There are quite a few loss-making enterprises on offer at the moment and the proportion of these is going to increase. In your view, is it possible to maintain the level of foreign interest?

[Banki] In the next few years, it is, because we have very many brand new investments. The biggest companies, for example General Motors, Suzuki, and Ford, think in terms of these.... Phillips also wants to produce video recorders this way.

[Rajna] It seems then that the investment incentives are adequate for the foreigners. However, why are the Hungarians excluded from these possibilities?

[Banki] It is true that there is great pressure on the government to give similar favors to domestic entrepreneurs. However, we have to walk an extremely narrow boardwalk before we can start new programs to boost the economy, because our living conditions are rock-solid and they place limits on the expansion of favors; for example, proper debt management and the curbing of inflation are the most important tasks that determine our sphere of movement. Priorities also have to be decided. If it is important to lure foreigners here in the interest of the country, then we have to mobilize our limited resources in this direction. Because of the lack of resources in Hungary, and in the interest of the balance of payments and the change of markets, preference must be given to investments that expand production. It is mainly foreigners who invest in these.

[Rajna] Nevertheless, when Hungarians want to expand production, they are not given the same preferential treatment as foreigners!

[Banki] This is true. Unfortunately, we do not yet have a package of subsidies for them, only for the foreigners. There is no doubt, though, that Hungarian entrepreneurs should also be set on course, and the favors we already apply do not seem to be sufficient for this.

Therefore, it really seems that the domestic entrepreneurs are discriminated against, but this is for the reasons cited. Anyway, the establishment of a credit guarantee institution for the Hungarians that will alleviate the credit risks of commercial banks is on the agenda.

[Rajna] Which enterprises are mainly interested in the various preferences?

[Banki] It is very interesting that multinational enterprises are just as interested as the small ones. In fact, they told us that they do expect the state to take on certain

tasks. They always look out for the maximum preferences before investing anywhere. They only choose Hungary if they think the preferences are high enough. We must not forget that even within Europe, we have to compete with countries like Ireland, Portugal, Greece, or Turkey, and that in countries that export a large amount of capital, like the Netherlands, foreign capital investments are subsidized with considerable measures by the state.

[Rajna] What is the size of the subsidies as a proportion of total investment?

[Banki] It is negligible. A few billion forints against more than a 100 billion. The interest shown in taking up the 2-billion-forint fund for investment incentives approved in this year's budget is at around 150 percent.

Matav Refutes Charges by Local Lobby

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9 Apr 92 p 2

[Article by Sandor Krupanich, Hungarian Telecommunications Enterprise vice president: "Lobbying From Close Up"]

[Text] Mihaly Dohan's statement concerning the draft of the law on telecommunications was published in Issue No. 13 (1992) of FIGYELO. As a concerned party in this matter, I would like to reply to a few items. The so-called American model can indeed function very well in America, given America's technical and technological development. However, one must see that in today's Hungary we are racing against the clock to create a modern network. Thus, having taken the Hungarian characteristics into account, we in the Matav [Hungarian Telecommunications Enterprise], as well as the legislators in parliament, believed that the American model cannot be applied here. The draft of the legislation on telecommunications intends to promote an active role, and for this reason it defines both the scope of competition and the services that can be carried out as a monopoly in the future, as well—and the competition will be decided by the bidding on concessions.

The attitude of Matav up to now shows that de facto it supports competition. It is a fact that the telecommunications provider cannot function efficiently without the participation of Matav, but this cannot be held against our enterprise. On top of that, the draft of the legislation establishes the framework for change.

In Hungary today the experts are of divided opinion about the extent to which the presence of the state is necessary in telecommunications. However, I think it is superfluous to bring up the American example again and again, since there is no generally acceptable model which can function in all circumstances. In Europe, telephone companies are regulated in many varied ways, and the participation of the state fluctuates as well. One must take into account, however, that the creation of a digital network, of digital technology, is under way, and for this very reason we are in a favorable

position, because the current obsolete system is not an alternative for development. This development will require a large amount of capital: In three years we intend to devote about 120 billion forints to it, more than half of which will be supplied by foreign credits. Smaller enterprises encounter much greater difficulties in obtaining credit of this magnitude, and the government's guarantee is necessary as well.

The fact is that the network of the MMV [Hungarian Broadcasting Company] already exists, but it is an analog network, with all of the limitations inherent in that system. The fundamental task of the MMV is broadcasting. The law does not stipulate anywhere that its unused broadcasting capacities must be conceded exclusively to Matav. Thus, some sort of competition, however limited, already exists in practice. The limited scope of competition is in part due to the characteristics of the operation of the two enterprises and to their financial situations. It is not our task to defend the proposed law, but we do not know what to think about the adjective "socialist" used to describe it [in Dohan's article]. Even according to the American experts whom Mr. Dohan admires so much, the proposal is indeed a modern one. We will have to pay the price for it, because it contains a few items which we cannot yet comply with today. And that the government, the state, wishes to participate in telecommunications to such an extent is possible when one takes into account the complexity of the interests of the public, including aspects of development, strategy, and defense.

At times the lobbying by Matav is misunderstood and our enterprise is represented as a fossil. This, however, does not contribute to improving telecommunications. The draft of the legislation was not written by Matav, and frequently our experts were only asked about it afterwards. One must see, however, that for the time being we devote much more energy to promoting the goals of the government than those of our own enterprise. A young and very enthusiastic team is working to improve the present conditions. However, the members of this team also need to know what the conditions of operation will be in the future, not to speak of the fact that a technological-economic expertise exists in our enterprise which must not be overlooked. I personally think that the lobbying by our enterprise is natural, just as it is in the countries mentioned above.

Telecommunications are, indeed, a very good business, but only in the long range and after the investment of a large amount of capital. Furthermore, geographical areas have different characteristics in terms of the varying desires of their inhabitants and their ability to pay for those demands. Demand determines profitability: Thus, expertise is necessary for investment. No one should think that the only effort necessary is counting up the profit. Finally, the loan guarantees by the state do not mean that we will draw money out of the citizens' pockets. Matav has always fulfilled its liabilities, and we have always contributed to the budget: In 1991, the revenue from our enterprise amounted to 6 billion forints.

Walesa's Sejm Speech Considered Too 'Light'*AU1205081692 Warsaw GAZETA SWIATECZNA
in Polish 9-10 May 92 p 4*

[Commentary by Ewa Milewicz: "What the President Did Not Say"]

[Text] The president's Sejm speech was as light as mist. The things the president never said in his speech outnumber the things he did say.

He never expressed any anger with the Sejm in response to the criticism aimed against him by the deputies clubs. The only displeasure he expressed was caused by the fact that the Sejm had accepted rulings by the Constitutional Tribunal that make "impossible demands" of the state finances. Following an example set in France in 1958, he told the Sejm he is unable to form a strong government.

By sparing the Sejm, the president avoided yet another war at the summit of power. He must have feared that angrier words from him might have deterred even more deputies from voting in favor of his concept of a presidency modelled on De Gaulle.

The president did not directly call for a new government, even though he had recently nominated two candidates for the prime ministerial post. However, he did say that if the government is weak, it must be replaced as quickly as possible. Then again, he did not utter a single word about the small coalition's call for a "constructive alternative government," made, probably not without coincidence, the day before his speech.

The president reproached the government of hope—the prime minister's own description of it—for not producing any "calendar of change," the only thing that could restore people's hopes. Again he reproached the government when he called for a stable and effective executive authority and when he described the state defense committees as "suprastate structures."

From all this reproach one may conclude that the president does not like the present government. With his dislike he joins most of the Sejm, which is also not overjoyed with it.

Despite all this, why is the government still in power? In the opinion of Stefan Niesiolowski, chairman of the deputies club of the Christian-National Union, the party generally considered to be the ruling party, the government derives its strength from the weakness of its opponents.

Labor Solidarity's Critical Look at Politics*92EP0359A Warsaw PRZEGLAD TYGODNIOWY
in Polish No 15, 12 Apr 92 p 5*

[Interview with Karol Modzelewski, honorary chairman of Labor Solidarity, by Mariusz Urbanek; place and date not given: "Trial Balance Sheet"]

[Text] [Urbanek] After the term in the parliament ended, you withdrew from active political life. Was this a demonstration or were you bitter?

[Modzelewski] I didn't want it to look like a demonstration. I am still an honorary leader of Labor Solidarity, but politics was never my profession. I entered politics when I considered it necessary. I now have the feeling that what I did in the Parliament was not very effective, and the only thing I am really satisfied about is the fact that I had a hand in creating the opposition. At the same time, I am so critical of what the political camp that I too came out of is doing that I no longer know whether it would not be justifiable to withdraw from parliamentary life.

[Urbanek] You recently wrote: "I was locked up for eight and a half years in the Polish People's Republic. Seeing the developments of the events since our victory, I sometimes fear that one day I might have to consider these years to have been lost." That sounds like bitterness.

[Modzelewski] More an attempt to strike some sort of balance. It need not be final. I have not yet said that the struggle against communism was a struggle for nothing, but I felt very sorry to see how easily my comrades and fellow combatants turned the hierarchy of social values upside down, deciding on a course of economic reforms that is humiliating the groups that have been their mainstay from the beginning of Solidarity. This is obviously in contradiction with the ideals especially important for this employee movement, such as the principle of protecting the weaker members. Economic efficiency can be said to justify this, but after the crisis in Balcerowicz's stabilization program, even this argument falls away.

[Urbanek] Is this the basic debit on your balance sheet?

[Modzelewski] Not the only one. I think that the crisis in the way socialism is being transformed into a market economy could have been predicted. It is just that what socialism built cannot withstand the competition and must fall, but this means destroying the potential that we inherited. It is ineffective, of course, but it is all we have. On the other hand, this means pushing Poland into the realm of the Third World, and such a great degradation of a society with what is, after all, European formation and European aspirations, that we lose any opportunity for political stability and probably also for maintaining democracy.

[Urbanek] It is becoming easier and easier to develop visions of catastrophe....

[Modzelewski] Because we are getting closer and closer to catastrophe.

[Urbanek] Do you think that this is the inevitable scenario of the development of Poland's fate?

[Modzelewski] In order to avoid this, we have to think up a way to slip through the strait between Scylla and

Charybdis, where it is easiest to break up. On the one hand this is the continuation of the liberal path that is taking us to Latin America in the material sense, but in a worse place in a political sense. On the other hand, there would be salvation in a command and distribution economy, but this would not be a return to the situation at the beginning of the 1980's, because there is no longer any CEMA or transfer ruble. It would be a road straight to economic and political self-isolation, like Enver Hoxa's Albania. We must seek a third path between these extremes. I am using this term that is so hated by the liberals on purpose, because neither the liberal experience nor the experience of the Western social democrats can supply us with ready-made models. This is simply because both liberal politics and social democratic politics count on having rather efficient market mechanisms in operation, mechanisms we do not have. Hence, moves that are more state controlled than those of Keynesian interventionism will presumably be necessary, without falling back into a system of command and distribution.

[Urbanek] For example?

[Modzelewski] Certain instruments for controlling price increases would be necessary, like those I proposed in 1989 and Prof. Stefan Kurowski recently announced. To activate the economy—this is impossible without activating demand—in order to avoid the danger of hyperinflation, we must use what is called an antiinflationary tax penalty. This is an artificial addition, but it is necessary given the fact that market mechanisms are not working. With the lack of competition—and this will be true for a long time yet in postcommunist countries—free market prices will stabilize at a far higher level than they would if there were competition to restrain them. In Poland they will not stop until they reach what is called the barrier of extreme demand, the point where losses from the decline in sales are greater than profits from extremely high prices. We must therefore develop a certain arbitrariness in state economic policy.

[Urbanek] Usually the government is given authority to this end, along with the right to issue decrees?

[Modzelewski] Not at all. That is an expression of the government's inability to get along in the world of a parliamentary democracy. I am very skeptical about any sort of decrees. First I have to see whether parliament could give up its prerogatives and the society could give up the principle of three branches of power. After all, this is what it boils down to.

[Urbanek] Optimists are giving the present government another 50 days, people inclined to fantasy say 100. How do you view the prospects?

[Modzelewski] I am less critical of this government than, say, my friends in the Democratic Union, although I too am disturbed. This government has declared and is declaring the desire to change economic policy. We can see from its statements that it understands the causes underlying the collapse of economic policy, as my friends

and I do, and wants to take care of it, but I don't know whether it will be able to or not. That is the reason I do not have any great faith in this government's future.

[Urbanek] Do you detect any program on the part of this government?

[Modzelewski] No. For the moment, I see more of an option than a program. For example, there is no vision of any industrial policy at all, and you can't fight a recession without one.

[Urbanek] The party that is the stem of this government is afraid of not making it in time and is filling as many positions as possible as quickly as it can. Doesn't this disturb you?

[Modzelewski] I don't want to give moral lessons to the Christian-National Union [ZChN], because they probably have access to very good sources of moral teaching, but this is one of the elements of the rather measurable ethical and aesthetic level of today's politics. The political game overshadows any sort of strategic idea. I am becoming increasingly annoyed over the fact that my group is completely unprepared for the situation in which the leadership has fallen into our laps, because we did not after all capture the leadership. Unpreparedness and intellectual helplessness, beginning with the economy.

[Urbanek] Aren't you afraid that in the present state of the economy and people's bitterness and disappointment the next government might be the government of the Confederation for an Independent Poland [KPN] or Party "X," not necessarily even together?

[Modzelewski] It may because I lack imagination, but I simply cannot imagine anything like that. I hope, though, that this is not impossible merely because of my limited imagination.

[Urbanek] But can you imagine martial law again?

[Modzelewski] Minister Macierewicz said that if the law is broken, the forces of law and order will see that the statutes are observed. I understand that he feels very sure of himself in his position, but I would recommend he be more moderate when he is thinking about using the forces of law and order to put down public demonstrations. I would like to ask him whether strikes that are not organized in keeping with the regulations on resolving collective disputes are breaking the law or not, because if they are and there is a wave of illegal strikes, then what will the internal affairs minister do to restore order? I think that in using force, anyone who would like to be in government in Poland must first use reason in his mind and count those forces. This is a calculation which will surely come out badly for him.

[Urbanek] Who is actually governing Poland today?

[Modzelewski] A few months back the obvious answer would have been Balcerowicz. At the moment, perhaps even nobody.

[Urbanek] Many people talk about Poland's clericalization. Do you think that the Church really is taking over power in Poland?

[Modzelewski] I don't think that Poland would become any sort of Catholic Iran, but the Church is being deposed as a moral authority, and this is a great loss for all of us. The hierarchy is clearly trying to take the terrain lost under the communist governments, as can be clearly seen on the rather crude level of taking over buildings for hospitals, nurseries, orphanages, and sometimes by religious orders that later do not continue that activity. The pressure to return to the schools and the pressure to make abortion illegal again are both demands making it necessary to seek political allies to push them down the legislative path. This is the reason for the reported support for the ZChN during the election campaign, but this means that the Church has lost the battle between the parties, and even between the groups, and that it has exchanged its great authority at the level above parties for minor little games.

[Urbanek] "Decommunization" has recently become the slogan of political games again. Do you think that the communists should go through some period of political purgatory?

[Modzelewski] But should that 12 percent of the people who voted for them go to purgatory with them or not? First of all, I have to determine or see whether we are building democracy, whether the concentration camps are for the enemies of freedom.

[Urbanek] After such a response there is always the limitation that the rank and file PZPR [Polish United Workers Party] members have nothing to fear.

[Modzelewski] I understand. We are making concentration camps, but small ones at first. But they have their logic, and they will grow as time passes. The people making the proposal have also often wound up there in the end. This is a practical caution that appeals to the self-preservation instinct.

[Urbanek] The SdRP [Social Democracy of the Polish Republic, successors to PZPR] have recently been making some clear moves to court Labor Solidarity. Do you suppose there could be such an alliance?

[Modzelewski] Insofar as voting with their deputies, everyone has voted with them at one time or another. That includes Messrs. Niesiolowski, Jurek, and Moczułski [of the ZChN and KPN, respectively]. On the other hand, I don't think an alliance, becoming connected to the SdRP, is on the agenda, despite certain similarities in economic programs. The differences in origins run too deep and are too much a part of the identities of both groups.

[Urbanek] How much longer is the past going to determine present-day politics?

[Modzelewski] I think that here it is difficult ultimately to predict. The divisions into left and right which this

political anticommunist hybrid that was Solidarity rejected will inevitably return. One can see changes in the politicians that used to belong to the PZPR. On the other hand, the myth of Solidarity is becoming very worn, so the weight of these issues may decline as time goes by. For the moment, though, I still mistrust that group. It's a reflex I cannot get rid of. It may be irrational, but it comes out of my personal experience.

[Urbanek] Zbigniew Bujak said that he see you in the government Poland needs. Under what conditions would you enter the government today?

[Modzelewski] Zyszek Bujak did not check that out with me. I am entirely disinclined to assume government responsibilities. I consider myself a person with a certain set of ideas, a concept that is not fashionable today. I cannot agree to accept a political group as an instrument for attaining and maintaining power, which is obviously modeled after the practices of the communists. A political party is an organization for achieving certain social purposes. I consider a situation in which, as the price of a seat, it must operate in a manner that runs counter to its program to be unhealthy. Better in such a case to remain in the opposition, because, for example, it may be convenient for the government to appoint a labor minister from a movement that enjoys the clear support of employed people, in order to wage a brutal antiemployee policy, but then the movement will lose its credibility.

[Urbanek] Do you see the possibility that some broadly conceived leftist block might take over the governments in Poland in the foreseeable future?

[Modzelewski] It is hard to predict anything in Poland in such an unstable economic situation. A situation may come about where we will have to save ourselves from the consequences of the road upon which we set out in 1989. If it comes to this, it will be very important to avoid winding up like Albania. Then Labor Solidarity will perhaps be valuable in the government. The only question is whether such an employee group free of extremes will then still be able to muster enough support in society.

Nature of Public Opinion Polls in Poland Examined

History, Methods Viewed

92EP0385A Warsaw SPOTKANIA in Polish No 15,
9-15 Apr 92 pp 11-15

[Article by Grzegorz Sieczkowski: "The Skin of the Bear; Subject of the Week, Public Opinion Polls"]

[Excerpts] Like the rest of the world, Poland is beginning to be obsessed with all sorts of polls. The poll has become the means of learning other people's opinions in modern societies lacking a direct knowledge of other people's

views, but specialists in the West advise: "Use polls as you would a medication; do not exceed the prescribed dosage." [passage omitted]

Public opinion research has a relatively short history. Before World War II, only a few countries conducted such research: the United States, Great Britain, France, Australia, and—this is interesting—Poland. After the war, public opinion research in Poland, along with all of social reality, for that matter, came under strict state control, which people usually considered to be ordinary manipulation. During the 1970's, research was done among young workers, who were asked, among other things, about "the political reasons giving the PZPR [Polish United Workers Party] the right to exercise a leadership role." The people being questioned received what are called "closed questions," that is, those to which the respondent has a fixed set of answers from which to choose. The list of carefully prepared responses did not include any answers that would deny the PZPR's position or anything in the political system. When Miecyzlaw Rakowski became premier, CBOS [Public Opinion Research Center] conducted a poll that presented those questioned with only positive opinions of him (for example, "advocate of dialogue and understanding," "skillful politician," and so on). If the research conducted was not favorable to the communist authorities, then the results were kept secret. In an interview with reporters from KURIER POLSKI, employees of the Center for Research on Public Opinion revealed that the last time such a thing had happened to them was during a poll of social sentiment before the parliamentary elections in 1989. They claim that their research reached Jerzy Urban, who supposedly said, "Everyone knows that the government side is losing, but why deprive people?"

[Box, p 12]

Street Polls

Nobody in the world takes them seriously. They are treated as entertainment, at most. The private Sonda Street Opinion Research office of Stanislaw Remuszko in Warsaw has worked out a new and perhaps "original" method of street polls insuring exceptionally frank responses from those questioned." On the basis of these polls, Mr. Remuszko presented a forecast prior to the parliamentary elements. In it he stated that after the ten polls conducted over a period of three months, the results he had obtained "showed unequivocally that the exceptional stability of general preferences was a characteristic feature" of those months. The normal margin of error was 2 percent. It went up to 5 percent for Mr. Remuszko's research. The election results proved to be different from those anticipated by the Warsaw researcher, who himself admitted that the German group INFAS [Institute for Applied Social Sciences] had the smallest error (error within permissible limits).

The head of Sonda is proposing to give only a small number of simple questions in public opinion polls.

"There will be hundreds of such questions during the next few months and years, but they have a short life, because life provides answers to them in lightening quick time," Remuszko says.

[Box, p 13]

Does the One Who Asks Make a Mistake?

At the request of GAZETA WYBORCZA (No. 29, 1992), the Sopot Public Research Workshop conducted a poll asking what should be done in Poland. The respondents had two responses from which to choose: "Attract foreign capital to Poland as soon as possible" (as an affirmative response) and "Keep Poland from being bought up by foreign capital" (as a negative response). The decided majority of those asked chose the second response (the research results were presented graphically, without giving the percentages!) The way the proposed responses in the pool were formulated makes us uneasy. The statement "Attract foreign capital" awakens the association of "attracting" somebody's money. Nobody liked it when an outsider is drawn to his home. The notion of "capital" can also evoke a bad association in Poland stemming usually from the society's lack of economic knowledge. A completely different, neutral meaning could have been provided by the statement: "Create in Poland convenient conditions for foreign investors as soon as possible." In the opposite answer, too, the words "buy up" have a very negative association. A less colorful but more neutral sentence should be: "Reduce the possibilities for foreign firms to invest in Poland." The authors of the responses forgot that negative feelings are always stronger than positive ones.

The Public Opinion Research Center conducted a poll on a similar subject in September 1991. The question was asked: "Should foreign capital be permitted to operate in Poland?" It was supplemented by other questions:

- "1. Regardless of the condition of that branch of the economy in which he wants to operate" (44 percent Yes, 51 No);
- "2. Regardless of the country he comes from" (64 percent Yes, 32 No);
- "3. Regardless of what the capital is to go for" (39 Yes, 56 No).

At the very end of the poll the question was asked whether as the result of privatization, foreign capital investments would increase national assets or cause them to be bought up. Forty-seven percent of those questioned said that they would increase them, while 41 percent said that foreign capital would buy up national assets.

The Americans did an experiment using the words "permit" and "forbid" in sentences with the same meaning. It turned out that people were more willing to

agree to the phrase "not permit them" (for example, public statements against democracy) than the phrase "forbid them."

[Box, p 14]

The Pollster

These are usually young people: college students and people just beginning in science; but some are older people too: pensioners and women on education leaves. Women make up the decided majority. A pollster has identification, which is renewed each year, and should present it on request. In the case of doubt, the person should provide personal data and leave a phone number where the information can be verified.

In Poland, anyone may refuse to take part in the research (about 6-10 percent decline). For this reason, a reserve list is prepared before the poll is conducted. During the past few years, pollsters complain about apartment house interphones, which have proved to be a very effective barrier against them.

[Box, p 15]

The Art of Learning Public Opinion

The poll is the attempt to establish the ideas of society as a whole (or some part of it) on a given subject. It is statistical research performed on a segment and runs the risk of error. The person conducting the research must choose those methods that can determine the size, or fringe, of error. The researcher must therefore take into account all warnings concerning the probability of possible mistakes. Because it is not possible to conduct statistical research on the whole society, polls are done on representative samples selected to reflect society (or a given social group) as a whole.

Random Method

Considered to be the best, the most expensive, and the most time consuming. The questions are asked of a small group of people (from 1,000 to 2,000 persons) selected at random, checked using statistical methods. It is important that in the population sampled, everyone have an equal chance of being selected and therefore of taking part in the research. Proper random testing, despite its small sizes, represents well the entire group (or whole society) examined. The extent to which the sample is representative is constantly monitored here.

Quota (Share) Method

This method is like the random sample method, but the people in the research are not selected at random. They are chosen by the pollsters in keeping with complex criteria: so many women and so many men. The sample selected is supposed to be a miniature of society: people who are college graduates, residents of cities and rural areas, and so on. The defects in this method are obvious: The share of concrete persons in this research is not determined by impartial sampling but by whom the poll

can reach. This factor has certain consequences concerning the error in the method.

In Poland

Several institutions in our country do popular opinion research. OBOP [Center for Research on Public Opinion] and CBOS [Public Opinion Research Center] are among the oldest and best known. There are also the Sopot Public Research Workshop, the Warsaw Demoskop, the Department for the Performance of Research of the Polish Academy of Science's Institute of Philosophy and Sociology, and the Pentor Institute for Opinion and Market Research.

It costs between 3 and 8 million to ask one question at the present time, making it necessary to pay from 70 to 130 million for research involving about 20 questions.

Social Implications Viewed

92EP0385B Warsaw SPOTKANIE in Polish No 15,
9-15 Apr 92 pp 16-17

[Interview with Lena Kolarska-Boblinska, director, Public Opinion Research Center, by Grzegorz Sieczkowski; place and date not given: "Reality in Percentages; What Are We Like?"]

[Text] [Sieczkowski] Isn't the fad that has dominated public opinion research in Poland the result of difficulties connected to describing reality?

[Kolarska-Boblinska] We doubtless know very little about society undergoing change. After all, we are in the midst of a great social experiment, and the question arises as to whether our society is still the same or whether it is different, what is changing in the way people think and react, what sort of groups are being structured under the influence of new divisions, and so on.

In addition, concrete new solutions are being introduced, such as the stabilization plan, a new tax system, and privatization. Political configurations are changing. We do not know the public's reaction to these issues. We do not know what people think about them, how they will react, whether they will accept them, adjust to them, or reject them.

During the 1980's, polls played an important political role, because there was no democratic system. The polls told what society wanted and did not want. Now that such a system does exist, it turns out that polls are still playing an important role.

The large number of defects in the new system of representing interests is one of the reasons. This is a complex subject, but I have the impression that the polls have now become a certain sort of means for informing the elite about what society is thinking. They represent a method of communication between the elite groups and

society, and this method is particularly important in the situation where voter turn out is small and there is little political activity.

[Sieczkowski] And other causes?

[Kolarska-Boblinska] Polls are useful in market research. That is another.

Before, anyone could sell practically anything without any problem, but now it turns out that sales are not such a simple matter. Information is needed, and this creates a demand for market research. The producer wants to know why people are not buying his goods, how to adapt them to needs and tastes, and how they should be advertised. Reaction to advertising is also important, because a poorly run advertising campaign can produce the opposite effect of that desired. Many firms conducting market research are coming into being now.

[Sieczkowski] Although there are many such firms, we know that some are not prepared for research. The rest can wind up paying for their mistakes.

[Kolarska-Boblinska] Of course, although some natural selection occurs in this area too. Those institutions will remain on the market about whose results there is no doubt, those that operate according to the rules of play recognized by sociologists. In our climate, there is more and more talk about the need to describe in detail the commercial principles for conducting research, the need to adhere to the rules of the community of sociologists and related professional ethics. The results must simply be credible, and not come from just anywhere.

[Sieczkowski] I heard that a Polish chamber of polling was coming into being.

[Kolarska-Boblinska] For the moment, all we have are the beginnings. In the future, taking similar western institutions as our model, we would like to define common playing rules and a certain code of professional ethics.

[Sieczkowski] Can the ordinary newspaper reader tell whether results are true or false?

[Kolarska-Boblinska] Probably not. The person must trust the newspaper that is publishing the research. If the newspaper itself recommends the research of some firm, then it is responsible for the reliability of the results published. Polls that call up 100 people on the telephone to select, for example, the most popular politicians of the month are frequently an abuse at the present time. This is a pastime, actually a very pleasant one, but it is an abuse in that it poses as sociological research.

[Sieczkowski] So the newspapers should take responsibility for their ideas?

[Kolarska-Boblinska] Above all, the institutes that undertake the research should do it in a reliable way. That is the most important thing. When the mass media publish the results of polls, they should use only carefully

conducted research as a basis. Another thing is that related to journalistic integrity and honesty is the skill used in distinguishing between sociological research and ordinary amateur entertainment. People like to read polls, because there is always something interesting in them. Often, too, we want to know what sort of society we are. We also like to compare ourselves with others. We want to know whether we are isolated in our views.

[Sieczkowski] Public opinion research shapes people's views?

[Kolarska-Boblinska] I do not think that everyday polls have an influence on people's attitudes in society. I would not overrate the results of polls here. Let us take the example of people's attitudes towards privatization. Would a person in favor of accelerating privatization alter his opinion after reading the results of polls showing that most citizens hold the opposite opinion? Of course not. At most, the person may worry and be sorry. I think that the polls' influence on society are exaggerated, but they do help create opinions among the elite who read the results of the research and analyze them, although they rarely are guided by poll results in their political actions. On the other hand, it is absurd to say that the reason that people are so dissatisfied is that they are reading how many people there are in the country who are dissatisfied with the situation. Undoubtedly, society obtains information about itself from the research. This is terribly important during a period when civilian society is being created.

[Sieczkowski] But there are situations where poll results become an element of the political game. During electoral campaigns, the various parties not only slanted the results but also suggested that the directors of certain centers acted in a completely premeditated way to change the results of the research.

[Kolarska-Boblinska] Obviously, such discussions undermine the authenticity of the research. Polls rarely come out well, when they are published in the newspapers, especially if only the percentages are given without any commentary. The percentages themselves are often an effective illustration, and they should not be bandied about, because then they really do not mean much. There should be some clarification alongside of them. Our research shows, for example, that 70 percent of Poles think that people should have the right to strike, but only 46 percent think that it is all right to strike in the current situation, and only 16 percent expressed an inclination to strike against their own place of employment. These figures indicate how complicated the whole problem is. A decided majority of citizens come out in favor of there being a law giving people the right to strike. Support for this form of protest declines, however, when it is applied to a concrete economic situation or to what is happening at the place of employment. When each of these figures is presented separately, we come up with entirely different, false results. The percentages here reflect far deeper attitudes. We must not forget that we are doing the research primarily to familiarize ourselves with

society. The government administration and economic decision makers use the information obtained in this way. This is why, alongside becoming familiar with opinions, it is also important to record certain facts. We are trying to penetrate a certain structure of behavior. As researchers, we are interested in the way people act, where they are working now and would like to work, how they manage their money, where they have deposits, and so on. Press research resulting from the results of many advertising campaigns is also popular in Poland now. Companies are interested in knowing in which papers they should place their advertising.

If society is to organize itself, it should know more about itself. There is no central system anymore, and more and more decisions are falling to the lower echelons.

Sociologist on Poland's Place in Europe

*AU1105084692 Warsaw NOWY SWIAT in Polish
5 May 92 pp 1-2*

[Interview with Prof. Jadwiga Staniszkis, a well-known sociologist at the University of Warsaw, by Marek Krupowski and Zbigniew Lipinski; place and date not given: "The Dispute Between the Defense Ministry and the Belweder Is a Dispute Over Poland's Place in Europe"]

[Text] [NOWY SWIAT] What is the current state crisis all about?

[Staniszkis] It has been caused by the speed of the country's disintegration and by the struggle to determine the shape of Europe and Poland's place in it.

I see three phases of Polish development over the past two years. In the first phase, real power lay in the hands of the executive authorities, the Finance Ministry, and the banks. The nonrepresentative Sejm only played a secondary role.

The second phase saw the disintegration of the executive structures, especially from the middle of 1991, caused by the methods of creating capital during a time of deep recession, cliquishness in access to power, the acquisition of special privileges, and cheaper credit.

The present phase is marked by a rather dangerous game being played by the Belweder [presidency], an attempt to consolidate the state at the expense of democracy. We are already observing the emergence of various supra-constitutional bodies, to the accompaniment of statements by the Belweder that the government being formed by the president is to be independent of the parliament.

I foresee a paralysis of the parliament, which was divided from the very beginning, and has been divided even further by Walesa. By restricting its powers of its own accord, the parliament is, in a sense, surrendering, but I do not rule out its total dissolution, as in Peru recently.

Adopting a system of so-called presidential democracy in Poland would be particularly unfavorable because Poland does not have a presidential party to control the president's policies as in France or the United States.

[NOWY SWIAT] Is Walesa deliberately or instinctively avoiding such a system?

[Staniszkis] Yes. In fact he is leaning toward a very dangerous personal rule. What is more, as far as programs are concerned, the Belweder seems to be ambivalent because Walesa wants Olechowski or Chrzanowski to be prime minister.

Olechowski is an Andropov-type technocrat. If he became prime minister, Geremek would probably become deputy prime minister and foreign minister. Geremek supports a Mitterrand-type vision of a Europe stretching all the way to the Kamchatka, a vision rejected not just by the West but also by Czechoslovakia and Hungary. In such a Europe, Poland would be in a buffer zone. Our links with the West would become an illusion.

The church and Christian National Union would support Walesa in return for his support for the idea of a state religion.

In one way or another, Poland will shift toward the East, either through a deliberate policy or because of its image.

[NOWY SWIAT] But is this not too hypothetical?

[Staniszkis] Not at all. Despite their crisis, the Russians are trying to create an Eastern bloc. They view the Visegrad triangle as a threat. That is why any move we make to smash this triangle conforms to Moscow's policy.

[NOWY SWIAT] What moves?

[Staniszkis] For instance, Walesa's idea of a new NATO and EEC, which both the Czechs and the Hungarians have rejected; Foreign Minister Skubiszewski's talks with Dumas and Genscher about a Franco-German axis, which clashes with the Visegrad decisions; and Geremek's speech in France in support of Mitterrand's plan. Yet the West regards the Visegrad triangle as one of the few achievements of our foreign policy. The EEC and NATO approval of Defense Minister Parys is the result of his activity for the sake of the military integration of the Visegrad triangle and the inclusion of Ukraine in it. In this context, the Parys-Belweder dispute may be seen as a dispute over our place in Europe, whatever the reasons that are given. A dramatic struggle between international structures is probably in progress, a struggle in which individual parts of our authorities are under the influence of individual parts of the international setup.

[NOWY SWIAT] Why this inclination toward the East?

[Staniszkis] Perhaps because the Belweder is seeking an alternative to Parys' concept, or because people from the previous system are applying pressure. It is difficult to

say for sure because there is no evidence, but I am probably right. Pro-Eastern ideas probably appeared quite early, at the same time as pro-Western ideas. It may or may not be a coincidence that Walesa came out with his NATO and EEC concept after Kohl's remarks on the countries of the Visegrad triangle joining Europe as quickly as possible, but it certainly has very negative implications for us. Even if there are no clandestine connections involved, the fact remains that there is a lack of coordination in foreign policy. Many bodies simply form their own foreign policy, and our foreign partners have no idea which foreign policy is binding.

[NOWY SWIAT] How do you think this affects the situation?

[Staniszkis] Some people in the West say that Walesa's and the Sejm's rejection of the government's economic program was the first attempt to overthrow the Olszewski government. The main concern even then was Defense Minister Parys. Claims that the IMF had objected to the program were false because the program had been worked out with the help of IMF officials. The U.S. Embassy put pressure on Poland, however. It was reluctant to see Poland become a member of NATO quickly, which is what Parys wanted, and also feared Parys' links with the WEU, which Parys regarded as the rear entrance to NATO.

It remains to be seen whether we are part of the East or the West. That in turn will determine the investment policy applied to us and the chances of our participation in the defense structure of the West. One way or another, it must end in a certain kind of political dependence on the part of Poland.

[NOWY SWIAT] When could our subjugation to Russia occur?

[Staniszkis] Only in the more distant future. A disintegration is occurring in Russia, but it is not as great as it seems. In the space of two or three days, internal interest groups have succeeded in changing the Yeltsin government's economic policy and loosening the bond with the IMF. Right now a return to communism is out of the question. Various authoritative solutions are being attempted as part of the road to capitalism. At the same time, Russia possesses very efficient apparatuses which, paradoxically, now that there is no more control and assignment of tasks by the center, are clearly implementing long-term objectives, such as driving a wedge between Germany and the United States or interfering with Central Europe's integration with the West. The West has noticed the activities of these groups, especially vis-a-vis global problems. Their people are experienced operatives who have not seen any reason to change their system of values.

Bujak on Priorities in Governing, Economy

92EP0359B Warsaw GLOB 24 in Polish 2 Apr 92 p 2

[Interview with Kornel Morawiecki, leader of the Freedom Party and Fighting Solidarity, by Radoslaw Piszczek; place and date not given: "Revolution Awaits Us"]

[Text] [Piszczek] The Freedom Party organized a demonstration with the slogan "Walesa Must Go." What do you have against the president?

[Morawiecki] We have a great deal against the president, and we will continue the demonstrations. We are planning them on a broader scale for 13 April, not only in Wroclaw and Lublin but also in Lodz, in Poznan....

Walesa is simply a bad president. He is a figurehead. He doesn't keep promises. He has no vision. Mr. Bielecki's government, the fact that the elections were not held until the autumn of 1991, are Walesa's fault. During the current changes, the president should be a real leader of the nation, at least, a moral authority. But Walesa is unfortunately neither one nor the other. I have talked to people better acquainted with him, with Anna Walentynowicz and Andrzej Gwiazda, who worked with him before August 1980. They are very critical in their opinions of him, as a person too. Walesa goes up and down. There is no observable consistency with him, no direction. He has various meanderings to the left, a pseudoleft, his emphasizing this "left foot." One could talk that way, if the political scene were different, healthy, but not in a situation where the only stratum still doing well in Poland is the former communist nomenklatura. Walesa is burdened by the sin of the round table [a reference to the roundtable talks of February-April 1989 that resulted in the first noncommunist government].

[Piszczek] The sin of the round table? What sin is that?

[Morawiecki] I think that the round table destroyed the transition in Poland from communism to a normal regime, a regime of freedom. Two elite groups entered into the agreement, on the one hand, the communist side, which was its chief architect, and, on the other, that part of the Solidarity elite that had Church approval. In exchange for giving up power, which after all they no longer had, the communists received the assurance that they would be able to turn into capitalists. They were given the possibility of becoming enfranchised, but at what cost? At the cost of plundering national assets. I have always been against this. I thought the situation was already mature and sufficiently auspicious that any such compromises or agreements with those political bandits should be avoided. They should have been allowed to fall. Nothing more. But a mistake was made. In this way, the existence of the communist elite was extended, and now we have things the way they are. The agreement created a political structure that has been governing Poland up until now. This is why the situation is so difficult and so socially and politically weak.

[Piszczyk] What are the long-range prospects?

[Morawiecki] The changes in Poland must be accompanied by the departure of these elite groups. Completely new political structures must come into being, because this nation's managerial strata have gone over to the pursuit of their own private interests, instead of performing a public service. Both people in the old communist strata and the new people have become preoccupied with themselves. This is their chief goal, not the good of the society and the nation. This is a tragedy, when we are just in an exceptional time, when we have a situation of political competition for Poland. We have practically wasted the past three years.

For me it is inconceivable, even funny, how the chairman of the Supreme Chamber of Control (NIK), Mr. Lech Kaczynski, says publicly on television that the interests of the reform call for keeping certain matters hidden. Society is told that in order to create a class of prosperity, a middle class, and capitalists, it is necessary to steal the first million. This is a misunderstanding. I am dismayed at how deep the erosion of values, moral attitudes is in the Solidarity movement, that the NIK chairman, Solidarity's chief activist, is saying such things publicly.

[Piszczyk] Do you also have reservations about Prime Minister's Olszewski's government?

[Morawiecki] I know Attorney Olszewski personally. He was my lawyer. I consider him to be an honest man who cares about Poland, but I don't like the way he plays the game of politics. He is aware of the structures that are already in the Sejm, around the Belweder [the president's residence], and in the Warsaw cliques. Because of this he missed out on some of his chances back at the start, because he took people from the old teams, Mr. Eysymontt from Bielecki's government, similarly with Mr. Glapinski, and Mr. Skubiszewski from back in Mazowiecki's government. I also consider Mr. Stelmachowski to be part of the old structure. He once stood with Jaruzelski on the 22 July platform. We all saw this, but Ministers Olechowski and Tanski have strong ties to the old nomenklatura. Such a crew does not bode well.

This government will have a chance only if it breaks with the old structures and refers to society, reaches out to people who are above suspicion, but meanwhile there is talk about expanding the coalition to include the Democratic Union, liberals whose governments burdened Poland with a loss of \$30 billion, as Professor Kurowski recently stated on television. If things come to the point where the government is broadened in this way, in terms of both people and programs, then this will be practically a full-scale continuation of what came before. So probably all we have left is revolution....

[Piszczyk] You are not an optimist?

[Morawiecki] Why? A revolution doesn't have to be something terrible. Broad revolutionary shakeups in

1956, 1968, 1970, 1976, 1980, and 1988 always produced benefits to the nation. A worse way out, it seems to me, would be a deepening recession—which threatens us—along with discouragement, economic decline, social stratification into the rich and the poor, the rich becoming ever richer and the poor becoming increasingly poorer, because of the present structure.

We have come through the tragic experience of communism. It has closed us up psychologically. Now, coming out of this system, we should do this more decisively, create a better regime than the one in the West, not just catch up with it but surpass it. And we do have such an opportunity.

Only societies that believe in themselves have a chance. Such a belief may not be a sufficient condition, but it is a necessary condition. The national soul must be stirred.

[Box, p 2]

Until 13 December 1981, Kornel Morawiecki worked as a scientist, a physicist at Wroclaw Institute of Technology, cultivated the earth, built a home, taught in school, raised bees, published papers on environmental protection and protested: in March 1968, in August 1968, in December 1970, in 1980, against anti-Semitism, the invasion of Czechoslovakia, the beating of the shipyard workers, the invasion of Afghanistan, elections to the Sejm of the Polish People's Republic, living conditions and coercion in Poland. A cofounder of Solidarity, instigator of the appeal to Soviet troops, delegate to the free unionists in Moscow. Following 13 December 1981, he went into hiding. In June 1982, he organized Fighting Solidarity. In November 1987, he was incarcerated and deported. In 1988, he returned illegally, went in to hiding, and appeared in July 1990 at the founding meeting of the Freedom Party, of which he became chairman. Born in 1941, he has a wife, children, and grandchildren.

Special Bank Accounts for Russian-Polish Trade

92EP0396A Warsaw RYNKI ZAGRANICZNE in Polish
No 47-48, 18-21 Apr 92 p 2

["Text" of a communique from the Bank of Trade in Warsaw S.A.]

[Text] The public is hereby informed that in connection with the signing on 10 March 1992, of the Addendum to the Protocol on Trade Relations Between the Polish Republic and the Russian S.F.S.R. in 1992, dated 1991-12-24, establishing the system of payment resulting from the provisions of this protocol, the Bank of Trade in Warsaw, S.A., and the Bank for Foreign Trade of the R.S.F.S.R. (Rosvneshtorgbank) signed on 3 April 1992 an interbank agreement on the technical manner of conducting calculations in dollars and conducting clearings of accounts between Polish and Russian enterprises in connection with deliveries of goods and services

rendered. In this regard the Bank of Trade has opened the following accounts in dollars on behalf of the Rosvneshtorgbank:

U.S. Dollar Account RF-92 A. Payments are entered into this account for exports from the Russian Federation to the Polish Republic for crude oil and gas minus the exporters' foreign exchange fees in effect in the Russian Federation. Funds garnered in this account will be used solely to pay for Polish exports of coking coal, metallurgical coke, sulfur, and pharmaceuticals in the amounts provided for in the addendum to the international protocol.

U.S. Dollar Account RF-92 B-Crude Oil. Payments are entered into this account for payments representing the foreign exchange fees of Russian crude oil exporters. At the request of the Rosvneshtorgbank, at the end of 30 days following the date of their deposit, the Bank of Trade may transfer the funds in this account to any foreign bank.

U.S. Dollar Account RF-92 B-Gas. The principles under which this account functions are identical to those for the B-Crude Oil account, except that they apply to Russian gas exports.

Clearings of accounts for the above mentioned accounts can be accomplished in the following forms of payment:

Letters of credit (irrevocable, unconfirmed), in relation to which the "Uniform Customs and Practices Applying to Documented Letters of Credit," published by the International Chamber of Commerce in Paris, publication number 400, 1983, are binding.

Documented collection, in relation to which the "Uniform Principles Concerning the Collection of Payments," published by the International Chamber of Commerce in Paris, publication No 322, 1978.

Payment request.

Except for goods to be exported within the framework of Account A, Polish exports of goods and services can be paid for out of the funds garnered in Account B-Crude Oil or B-Gas. In connection with the above, export contracts to the Russian Federation should be signed with Russian owners of foreign exchange fees. In the event the Russian importer does not own funds on hand in accounts B-Crude Oil or B-Gas, then the importer must make an internal agreement with an owner of funds in a B account for him to have access to the funds.

U.S. dollars are the only currency that may be used to make payments. Payment documents filed with the Bank of Trade must include the clause: "raschety po schetu U.S. Dollar Account RF-92 A or B-Gas or B-Crude Oil." Payments are made only up to the amount of the balance in the given account. Clearings of the above mentioned accounts are subject to Polish foreign exchange laws and the principles in general use by the Bank of Trade (blocking of funds for imports, rate of exchange, commissions).

Payments will be made until the clearings of accounts stemming from the contracts signed up until 31 December 1992 on the basis of the international protocol dated 24 December 1991 and the Addendum dated 10 March 1992 have been fully accommodated. The Department of Clearings and Compensation at the Central Bank of Trade in Warsaw will handle all clearings of accounts within the framework of the liability mentioned above. Export-import transactions with the Russian Republic outside the above mentioned system are handled according to the principles generally in effect in international trade, financial, and banking practice.

Additional information on the above settlements may be obtained by telephoning 30-39-16, 30-35-88, or 30-02-23.

Alternate IMF Projections, Proposals Outlined

92EP0362A Warsaw ZYCIE GOSPODARCZE
in Polish No 12, 22 Mar 92 pp 1, 12

[Article by Marek Misiak and Bogda Zukowska: "Negotiation Points"]

[Text] Without a honeymoon, without even a week's grace, the new minister of finance must take the measure of the challenges facing him: first, the preparation of a budget, and second, the relationship of international financial institutions to the assumptions proposed by the government in its economic program. The expectations of both sides require mutual understanding, to put it mildly. This will not be easy, because too much vagueness, insinuation, and prejudice has accumulated.

Therefore it takes courage both in Warsaw as well as Washington, to say that the need to maintain economic stability is a false thesis. After two years of a stabilization program, the Polish economy is still far from stable. To say today that the problem comes down to maintaining stability is simply inaccurate.

We do not question the known and recorded achievements of the present program. But the large drop in production that has occurred, has been undermining the financial foundations of the economy for quite a long time. What is worse, the declining tendencies in production continue. Allowing them to remain has already begun to imperil the normal functioning of the state. We are faced with the problem of national salvation. This puts an enormous responsibility on the government and parliament, requires society's understanding and consent and the decisive assistance of international financial institutions.

Hypothesis

Our temporary estimate of the budget deficit which threatens us this year is, unfortunately, pessimistic. Its important assumptions are as follows:

- The government, under the influence of the declining tendencies persisting in the first half of the year, is forced to sharpen the antirecessionary policy with its inflationary side effects which, however, do not lead to an inflation higher than last year.

- The GNP will fall 5-10 percent this year. With inflation not exceeding 70 percent, it would then, in current prices, amount to approximately 1,500 trillion zlotys [Z] (in 1990 it was Z606.7 trillion; last year, by our estimate, it was approximately Z0.84-0.90 thousand trillion).
- Budget receipts do not reach the nominal amount envisaged in the preliminary government draft (Z332.2 trillion; RZECZPOSPOLITA 6 March). The drop in receipts is affected by both the drop in GNP as well as the sharpening of the antirecessionary policy (relief from taxes, etc.). But we have assumed that budget receipts this year should not be less than Z300-315 trillion.
- Real budget expenditures remain at a level close to that envisaged in the preliminary government draft. A higher than envisaged inflation may require valorization of certain expenditures; a certain growth in expenditure may also require a sharpening of antirecessionary policy, e.g., preferential credits, agency costs, etc. In the preliminary government draft (RZECZPOSPOLITA 6 March) expenditures totaling Z398.7 trillion were proposed. If they were valorized by the difference between the envisaged (45-50 percent) and, in our opinion, the permissible inflation (70 percent), they could amount to approximately Z452-467 trillion. The allowable budget deficit would then be Z152 trillion and would constitute 10 percent of the GNP.

Divergencies

The first reports on industrial production in February show that the indicator of its drop, as compared with February of last year, (in all sectors, in terms of one working day) amounted to 10 percent. In January of this year, compared with January of last year, this production fell, as we remember, about 13 percent. The GNP zero growth hypothesis assumed in the government's socio-economic assumptions (used in working on the draft budget), is therefore perhaps not very realistic. To make it so would require unusually rapid and effective changes in economic policy, changes that in Poland some people simply do not want to accept and others underestimate their cost. This also applies to international financial organizations. This is expressed also in the expectations that the production results of the reforms being conducted will be faster and greater than is possible. This leads to the setting of tasks which cannot be executed and conditions which cannot be fulfilled. An example of this is the publication, in the second quarter of last year, of documents, a letter of intent, and a memorandum from the Polish government to IMF assuming a GNP growth last year of 3-4 percent over 1990, with inflation at 36 percent.

[Boxed item: From the letter of intent: "(...) we set ourselves as a target the achievement of an annual economic growth on the order of 5-7 percent. (...) Economic revitalization may be complicated in 1991 by the appearance of negative external phenomena, particularly by the elimination of the CEMA trading system and

disturbances in the Soviet Union. As a result, economic growth this year will amount to probably no more than 3-4 percent (...) Next we intend to reduce the level of inflation (...) by limiting the growth of prices for the entire year to a total of approximately 36 percent."]

More about the divergencies between what had been promised in the above-mentioned memorandum and what actually happened last year is shown in the table. It would be well to remember that similar divergencies also appeared in 1990. It would be disastrous if such divergencies were to become a permanent element in Poland's contacts with international financial institutions.

That is why, in Poland's obligations in relation to international financial institutions, the real danger that this year's GNP may be 5 and even, in case of an unfavorable development situation, 10 percent lower than last year's, should be taken into account. Economic policy would then be faced with the necessity of very vigorous counteraction to such a drop, which would also require a certain tolerance on the part of international financial institutions to an inflation slightly higher than the now-assumed 45-50 percent.

Money

In our obligations to IMF, special weight was always attached to changes in the amount of money. As regards this, deviations from what had been assumed were not great. At the end of December 1991, national money reserves totaled Z213.5 trillion. Since the beginning of the year they had grown by Z82.7 trillion, e.g., 63.3 percent, which is two points higher than inflation, because in our obligations to IMF, a growth of seven points higher than inflation had been assumed.

[Boxed item: From the letter of intent: "In order to ensure a rapid reversal of the high growth rate of prices at the beginning of 1991 and to prevent the reappearance of inflationary expectations (...) we envisage that the growth in the quantity of money in 1991 will total a nominal 43 percent. Based on this, after taking into account the increase in the foreign exchange reserves (...) the growth in the banking system's net domestic assets (...) will amount to Z74.4 trillion during the period from 31 December 1990 to 31 December 1991."]

Over the course of last year a gradual reduction in the growth rate of the national money supply was observed, with the lowest rate appearing in the fourth quarter. The highest growth rate, and this must be emphasized, was in personal savings and private economy deposits. At the end of June, they had reached Z100 trillion, which in comparison with December 1990, indicated a 2.5-fold growth. This growth applied mainly to time deposits, whose share in comparison with all deposits increased during the course of the year from 73 percent to 79 percent.

[Boxed item: From the letter of intent: "Taking into account the capital installment payment of the foreign debt and small net receipts from treasury bond sales, the public sector will find it necessary to obtain, from domestic banks, financing on the order of Z6 trillion (0.5 percent of gross domestic production). In accordance with the above, we intend to limit the growth of the banking system's credit balance (...) to Z6,000 billion between 31 December 1990 and 31 December 1991. (...) the deficit in the public sector, including all arrears relating to the nonbanking sector, will not exceed (...) Z5,300 billion in the 12-month period preceding 31 December 1991."]

Despite the small growth last year, over the last two years the amount of money shrunk considerably (in terms of GNP approximately twofold in comparison, e.g., to the first years of the second half of the 1980's). This applies mostly to credits in the state economy. This is especially apparent when they are reduced by the capitalized interest. Together with the interest, they grew nominally during the course of last year by scarcely 47.9 percent, excluding the private economy.

Most of the growth of net national assets was absorbed last year by the change in the status of the debt of the state budget to the banks.

At the end of 1990, the state budget had Z9.2 trillion in banks and at the end of last year its debt to the banks amounted to Z31.8 trillion—a change of Z41 trillion, expressed in percent approximately minus 6 percent of the GNP. It was supposed to have been (see table) minus 0.5 percent of the GNP!!!

Item	1991 Memorandum	Current Information CUP ²
(Annual change, in percent)		
Real GNP	3-4	- (8-10)
Volume of export	- (16-17)	- 1.4
Volume of import (excluding petroleum)	9	39 (including petroleum)
Retail prices (over the year)	36	60.4
Retail prices (average)	63	70.3
(In billion US\$)		
Trade balance ¹	—	- 0.03
Current turnovers account	- 2.7	—
Gross official reserves	5.5	—
(In terms of monthly import	(3.8)	—

¹In convertible currencies

²According to CUP [Central Planning Office] information dated 31 January 1992

Nor were the requirements pertaining to the growth of foreign exchange reserves fulfilled. These reserves were to have grown by \$0.7 billion. Figures on gross foreign exchange reserves are not yet available, but it can be concluded from the change in net foreign exchange reserves, which dropped \$1.3 billion from \$7.8 billion at the beginning, to \$6.5 at the end of last year, that this requirement, too, was not fulfilled.

Penalties

In the fall of last year, IMF suspended the payment of installments of credit granted to Poland in April 1991, because we did not comply with the terms of the agreement. Among other things, the budget deficit indicator which had been agreed upon had been exceeded. A repetition of a similar divergence is not in the interest of Poland or IMF. That is why the starting point in our negotiations with the Fund must be realistic, although it will undoubtedly be hard for this institution to swallow—a deficit that, according to our calculations, amounts to 10 percent of the GNP. We report this, we must admit, with mixed feelings, because we regard a reduction in the budget deficit to be one of the main indicators of stability. It now seems to us that one of the conditions for the reduction of this deficit in the future is greater tolerance on the part of IMF regarding the amount of allowable deficit at this time.

In many press reports at the end of February and beginning of March, it was suggested that the Fund had been willing to approve a deficit of approximately 5 percent of the GNP. This is probably now one of the most important fields of negotiation. A credible concept, which will convince international financial institutions, must also contain a search for sources of savings and a reduction in inefficient budget expenditures, as well as—which may be the most important—an antirecessionary strategy and programs for stimulating economic activity. We must make the cuts ourselves. In financing antirecessionary programs we have declarations of assistance from Western sources.

But the state is still allocating enormous sums for various types of subsidies and subventions. There are Z21.9 trillion of them in the draft for this year. It is here, undoubtedly, that we will have to look for reductions in some expenditures. The emotions which arose after the recent increases in prices of energy have not yet subsided. The arguments in favor of savings on subsidies are by no means trivial. Foreign experts believe that the deficit could be reduced by 1.5 percent of the GNP if a decision were made to limit subsidies to credits, particularly housing credits and those newly won by the farmers.

But the real picture of the situation in construction and agriculture is seen somewhat differently from Warsaw than from Washington. The purchase of one meter of living space in new construction in Poland now costs the equivalent of two average salaries of persons employed in the economy (in the case of persons employed in the

public sector, 30-40 percent more). At these prices people cannot afford to buy housing, although Poland is in one of the last places in Europe from the standpoint of housing conditions. Meanwhile, three times less housing is being built now than a few years ago and the productivity of housing construction has fallen by more or less the same amount. The problem of Polish agriculture, in which six million people are employed, is just as complex.

The authors of the World Bank report also proposed that wage increases in the public sector be postponed and spread out over time. This would permit us to reduce the deficit by one more point (1 percent of the GNP). This 1 percent of the GNP would mean a reduction of expenditures for the public sector of over Z11 trillion. But the cuts affect the most sensitive areas of society. We do not know if the people in Washington are aware of relationship of the average pay of a teacher or doctor in Poland to that of an unskilled worker. In the 1980's the criticism was that the salaries are very similar. Now a teacher or doctor earns 20-30 percent less. Right now, in addition to the barrier of social approval, there is a justified fear that a cultural barrier will arise.

Conditions

The solution to this problem lies mainly in a halt in the recession and a growth in management efficiency. A halt in the recession means also structural adaptation to the requirements of an open market economy, which is very difficult under Polish conditions without the financial support of outside sources.

Both Ian Hume, chief of the World Bank mission in Poland, and Jacques Attali, president of EBRD [European Bank of Reconstruction and Development], during their recent visit in Warsaw, confirmed the existence of the possibility of granting loans to finance concrete projects prepared by the Polish Government.

[Boxed item: From the letter of intent: "(...) the ultimate size of the banking system's foreign exchange reserve balance requires that it be increased by at least (...) \$700 million during all of 1991."]

Here the question arises as to the role which the government has to play in implementing antirecessionary policy. And that this cannot be done without the intervention of the state is attested to by the state of our economy, particularly its state industry. Even some representatives of international financial institutions, who in the past have been decisively against the "interference" of the state, now admit this. If the positions between Poland and these organizations need to be closer, it is certainly on this point.

In a very appropriate moment, immediately before the start of talks among Poland, the IMF and the World Bank, Japan expressed its opinion on this subject. It opposed the policy conducted by the World Bank thus far, which ignores the role of the state in applying open-market reforms. The Japanese experts are of the

opinion that the processes of liberalization in the economy should be spread out over time and that the government should provide preferences to specific fields of industry, as was done in Japan after the war. From ourselves, we will add that this model proved itself because the institutions there had authority, and society had discipline, and everyone—which is unknown in Poland—had determination and consistency.

Foreign trade has a special role to play in halting the recession. On this point Poland and the international financial institutions are agreed. This is an instrument for stimulating production, an incentive to modernize it, and finally an opportunity to create new jobs. But the price for this is an increase in inflationary pressure due to the need to conduct an active currency exchange policy and to create export-oriented incentives, such as preferential credits.

Poland faces a very difficult test. It has to develop a consistent economic policy which, even if it does not come up to that of the Japanese, will come close to that with which Mexico has already for a few years been successfully implementing its economic and social reforms. Thus the most important thing which we should attempt to win in our negotiations with international financial institutions, is time.

Auto Plants Seeking Joint-Venture Partners

92EP0377B Warsaw RYNKI ZAGRANICZNE in Polish No 41, 4 Apr 92 p 6

[Article by (S. Sok): "Volvo Drives Into Jelcz: The Factories Are Negotiating"]

[Text] According to Edward Nowak, Deputy Minister of Industry and Trade, 1992 is to be a year of important decisions for the automotive industry. Basically, the situation of the Compact Car Plant and the Automobile Plant have become clear, but what will happen with the truck, supply vehicle, and bus factories? Above all, this means finding foreign partners for Jelcz and Star, and also for the Truck Plant in Lublin, for Nysa, for the Agricultural Vehicle Plant in Poznan, for Polmo Kielce, and for Autosan.

We know that negotiations with many partners have been conducted for a long time, but as can be seen, and as should have been supposed, foreign capital is not coming in all the doors and windows. It was the same way, after all, with the Automobile Plant. Jacek Kinowski of the Ministry of Ownership Transformation stated not long ago that acceleration of negotiations was necessary, and that we are already prepared to sign contracts, but that, as is usually the case, two sides are necessary to sign contracts. The best example is the postponed deadline for signing the contract of cooperation between Fiat and the Compact Car Plant, a contract which was supposed to be ready last December.

It will be recalled that discussions are continuing between the Agricultural Vehicle Plant and Chrysler,

Iveco, and Volkswagen; between Star and Renault; Autosan and Scania; and Jelcz and Volvo.

It is difficult to foresee the results of these negotiations or the dates of contract signings. It seems that at this moment, the discussions between the Jelcz Automobile Factory and Volvo are the most advanced, because the first letter of intention was signed in September, and a Jelcz-Volvo joint-venture company will supposedly be formed in the next few weeks. If this were to happen, then the first series of modern jointed buses and trucks will roll off the production lines this year.

The exact terms are not known, but one hears of a large influx of capital into Jelcz, and the gradual takeover of the whole plant by Volvo. A sum of around \$100 million, with the help of which Jelcz is to transform itself into a factory producing competitive, modern buses and trucks, is mentioned. Specialists from Sweden and Poland are working on the development of new designs. It is probable that several new proposals are ready, and that a prototype of a new jointed bus will be presented in the middle of the year.

The production of modern trucks with pneumatic suspension and the most up-to-date driving equipment (brakes with the ABS system) is also planned.

At the same time as the preparations for cooperation with Volvo and the modernization of production, a network of factory dealership-service outlets is being created, based on marketing studies and using Swedish experience.

After submitting this article, we learned that on March 30, the Lublin Automobile Plant signed a production contract with Peugeot, for the assembly of 10,000 Peugeot 405 automobiles. Still nothing is known about what lies ahead for the successor to the museum-piece Zuk....

1991 Polish Ocean Lines Performance Noted

92EP0396B Warsaw RYNKI ZAGRANICZNE in Polish No 46, 16 Apr 92 p 8

[Article signed (drzem): "Polish Ocean Lines Container Record"]

[Text] Last year the fleet being used by the Polish Ocean Lines [PLO] carried a record amount of containerized freight, 2.73 million tonnes, to be exact. This represented 51.7 percent of all the freight carried.

The greatest amount of freight in containers has traditionally been carried on North American routes (1,009,000 tonnes), on the JOS Far East service in conjunction with the French shipowner CMA, but solely on ships used by PLO (556,000 tonnes), on a container route to United States ports on the Gulf of Mexico (250,000 tonnes), and on routes to the South Pacific (217,000 tonnes). Among the routes maintained by the Euroafrica Company, an offshoot of the Szczecin section of PLO, the largest amount of such freight is carried by ships on the London and Irish routes, and both the Finnish and Rotterdam-Antwerp routes.

PLO presently has 26,887 containers (37,659 TEU [Twenty-Foot Equivalent Unit] , calculated in terms of 20-foot containers), and most freight is carried in its own containers. The total number also includes 2,326 40-foot refrigerated containers, along with 300 40-foot and 450 20-foot open-top containers recently bought from the freight car factory in Swidnica. Alongside its own containers, PLO also uses about 18,000 (12,700 TEU) leased container. Overall, then, it has a storage capacity of about 45,000 containers (more than 63,000 TEU).

It is worth mentioning that PLO has been a freight carrier on land too since 1972, using its own trucks and container trailers. It presently has 100 tractors and 109 container semitrailers for road use in Poland.

Besides the semitrailers in Poland, PLO has 1,445 of its own container semitrailers in the United States, and 1,233 of these are of the 40-foot size. To this figure we must add 1,921 foreign semitrailers on long-term lease to transport freight between the ports and their customers and senders on land.

President Covers Broad Range of Political Issues*92BA0869A Bucharest DIMINEATA in Romanian
18, 25 Apr 92*

[Report in two installments on press conference given by President Ion Iliescu in Bucharest on 14 April 1992]

[18 Apr pp 1-3]

[Text] A press conference was held on Wednesday 14 April 1992 at the Cotroceni Palace, at the opening of which Romanian President Ion Iliescu reported to the mass media representatives the results of his official visit to Athens, where he attended the conference "Europe and the Mediterranean in the New World Order," and about his latest talks with Moldovan President Mircea Snegur, held in Suceava on the occasion of the 535th anniversary of the coronation of the great Voivod Stefan the Great.

There followed a discussion with the journalists in attendance, which we will carry in our issues No. 26 and 27.

Victor Martalogu, ROMPRES: Mr. President, in Athens, where you attended the Mediterranean conference, you had a first meeting with emigre representatives, actually with Romanians living in Greece and with Greeks from Romania, many of whom are people of some means. You then met with Greek businessmen and heads of companies, a meeting that was also attended by Greek government officials in charge of economic and financial departments. What were the results of the two meetings? Any concrete outcome along the line of economic and commercial cooperation or Greek investments in Romania? And as we are only beginning, I will allow myself another question: Aside from you, from us, delegates of the Moldovan Government also went to and attended the conference in Athens. As Dr. Gheorghe Efros said, that was their first incursion into the world. For us, it was the coming out, so to speak, of a younger brother. I wanted to ask you whether they will enjoy encouragement from the bigger brother and whether our presence there was not joint, but concomitant?

Iliescu: I did not go to Greece in order to conduct negotiations with business circles or commercial associations. Those are not my responsibilities, either. What I noted on this occasion was indeed the great interest present among business circles, people who already have relations with us, and companies interested to enter the Romanian market. I noted that all those who are already established in business with Romanian companies are genuinely interested and feel particular appreciation for their Romanian partners. There are indeed many firms with great resources—Greek ship-owners, industrialists, and financiers—who have become involved in economic relations with Romania. In fact, I want to tell you that out of the approximately 8,000 joint companies currently operating in our country, about 250 have Greek capital, which constitutes a pretty active presence. Consequently, there is much goodwill on the Greek side and

even optimism regarding the prospects and possibilities of developing bilateral relations with Romania. I became convinced of that while having direct talks with several ministers well informed about joint ventures, and with the representatives of some very important firms.

As for the Moldovan delegates, that was not their first incursion into the world. Even speaking only for myself, we went to Davos together with the delegation of the Republic of Moldova led by President Mircea Snegur. They also attended other similar meetings, but their visit to Athens was indeed a first, as it was for Mr. Efros. Many meetings were arranged for them, they visited some enterprises and companies, and had several important meetings and I understood that it was decided that some Greek companies will go to Chisinau to study cooperation opportunities on the spot. So not only did they enjoy brotherly encouragement, but immediate support, too. We also considered three-way ventures that we could organize in the future.

Mircea Moarcas, ORDINEA: Mr. President, I would like to revive a question that I asked you at a prior press conference. What is your view of the current relations between Romania and the United States? In a statement recently made to our magazine, the new U.S. ambassador to Bucharest [as published] showed some robust optimism, I would say, for their development. My second question is: Are there now more numerous, more or less educated opinions on the status of the People's House, or the Republic House, as it was named? In view of the great amounts invested in that building and its high degree of serviceability, what is planned for it in the near future?

Iliescu: We can see positive developments regarding our relations with the United States, also regarding the prospects for the most-favored-nation [MFN] clause; the recent U.S. political opening toward us and the positive comments contained in many official statements are comforting. I also had a meeting with the new U.S. ambassador. I even had a three-way meeting, with the two ambassadors, the new U.S. ambassador to Bucharest and the new Romanian ambassador to Washington, Mr. Aurel Dragos Munteanu, at which we agreed to establish direct relations, through the two ambassadors, with the U.S. administration in order to stop any parasitic information, which frequently distorted direct information. On that occasion we noted our joint willingness and decision to advance in a positive manner toward a real opening between us. I am optimistic about this.

As for the Republic House, I will frankly tell you that we have not yet found a solution. The investment work is not yet completed and completing it requires very large amounts of money, such as we did not have in the past and do not now have. We tried to find possible partners interested in investing to have the work finished and then use the space for various purposes. We considered all kinds of international financial, economic, or other centers, but so far we have found only partners willing to

come and settle in the building, if the Romanian Government provided them with all the facilities: finishing the work, equipment, etc. So for the time being we are in an ambiguous situation. Unfortunately there has been a lot of deterioration, too. This building is one of the millstones we inherited from the old regime that we will have a hard time getting rid of.

Aurelia Boriga, ZIG-ZAG: Mr. President, I think you know that Mr. Virgil Magureanu's file has appeared in the press. Do you think that at this point he still has the moral standing to continue as director of SRI [Romanian Intelligence Service]? Second question: I would like to hear your position on FSN [National Salvation Front]-22 December and whether you agree that the date of the Romanian revolution be taken by any of the parties in this country? Third question: Will you run in the presidential election as an independent?

Iliescu: Regarding Mr. Magureanu, it is first of all up to him to defend his dignity. I have not seen anything to cast doubt on his past, and all that has appeared in the press is not at all convincing. As it happens I read something said about him, namely that for a few months he was temporarily employed at the former Foreign Intelligence Service, as an intern. That says nothing about his skills and positions, which in a way are well known: In the past ten years he took critical positions about the old regime. For one year he was pulled out of Bucharest and sent to Focsani as a museum curator precisely because of his political positions. So I think that from this viewpoint there can be no doubts about him, about his moral qualities. The situation can be clarified on the basis of facts and documents.

It is not my, how shall I say, my job to comment on the name that some party may take. The FSN idea was linked to the 22 December event and to the adopting of a platform-program that marked our actions throughout these over two years. I think that the FSN has every right to stress its connection with 22 December, and if one group who separated from the Front chose to add this to its name, I see nothing damnable about it. I am talking about the significant moment of opening toward our subsequent development, about the moment of the Romanian revolution, a crucial moment in Romania's contemporary history. But, how shall I put it, it is not up to me to decide for or against the name that a political party may assume.

As for my candidacy, as you know, I have not declared yet, so I will reserve the right to see when and how I shall do it.

Dorina Baiesu, CUVINTUL: Mr. President, I would like to know whether the country's Supreme Defense Council has discussed the possible replacement of Mr. Mihai Caraman, the head of the Foreign Intelligence Service [SIE] with presidential adviser Talpes, as it has been reported in the press. I would also like you to confirm or deny the rumor that on his last visit to Bucharest, NATO

Secretary General M. Woerner suggested to you not to run for another presidential term?

Iliescu: Indeed, Mr. Caraman has applied for retirement, so he has been relieved as SIE director and Mr. Talpes has been appointed to that post. As for Mr. Woerner: Not only has he not done anything of the kind—doing so would have been a faux pas on his part—but he is too intelligent and too experienced a politician to make such blunders.

Corina Radulescu, UNIFAN: As far as we know, whether we receive MFN status depends to a certain extent on approval of the office of national observers at the general elections. Should Parliament pass the law, but without the national observers amendment, will you veto the bill and send it back to Parliament to reformulate, in order to secure approval of this office of national observers?

Iliescu: Your questions seems to contain two distinct aspects. Whether there is any link and conditioning between the clause and the presence of observers at the elections? I should be surprised. I do not think that anyone views the matter this way. In the United States there are no observers at any election, neither foreign, nor domestic; so linking the MFN clause to the presence of election observers would force the note. As for the status of the observers, that is now being discussed in Parliament; I have no reservation about any observers, foreign or national. But we do have to establish a few regulations and criteria for such a case, otherwise violations may be committed. The observer status was frequently violated during the local elections; some interfered in the affairs of the ballot commissions at the voting centers, while others entered the centers while the votes were being counted, something that was a flagrant violation of the observer status. I know that such protests were also made in the Senate when the matter was discussed there. I, for one, would not at all mind the presence of observers, provided the framework is legal and orderly and the norms of behavior are observed.

George Haseganu, AVANPOST: I would like to ask two questions about the economic reform in Romania. In view of the fact that as of 1 May the prices will increase by 25 percent following cuts in state subsidies, I would like to ask you, what do you think of the Romanian therapy in comparison to the current Polish trend [last word in English] (I am referring to Mr. Olszewsky's measures)? The second question concerns social protection: Do you believe that in the near future the trend will be toward indexation or possibly toward slackening the speed of the reform, considering the fact that the other European countries also seem inclined that way?

Iliescu: That is one of the sensitive problems from the viewpoint of social cost. I know that the government is discussing and is making all kinds of calculations regarding the consequences of the subsidies cuts. This gradual reduction of subsidies had been announced some time ago. It will begin with 25 percent and it is scheduled to be reduced [as published] by the end of the year, while

the due indexations will be made accordingly. I know that the Labor Ministry and a professional institute have begun a study to examine all such consequences, which will be discussed and weighed by the government.

As for the second issue—gradual therapy vs. shock therapy—I am against broaching the economic reform according to ideological criteria, or imposing preconceived ideas or preset schedules. It seems to me that the issue presents profound economic aspects. First of all, this process is irreversible, inevitable, and necessary. There is no way back. As for the pace of the reform, the strategies adopted, the linkage between processes and priorities, and the manner in which it is carried out, we need a serious study. This is not a subject for abstract formulations, phrases, rhetoric, or preset models. In favor of “shock therapy” or of “gradual therapy”? That is a matter for economic study and calculations done on paper or on modern calculators, in order to precisely evaluate our current situation, means, and resources and link them to possible social traumas and with how much is bearable. This is clearly difficult, not only for us but for all these countries, it is a price we have to pay, but we must go through this purgatory.... But we must do so with open eyes and must present the situation as clearly as possible, regarding our present condition and the possibilities we have, and we must consciously build a common front (we keep talking about fronts here!), in order to avert these costs and overcome a difficult period in the country's contemporary history. All the rest is rhetoric and all these superpoliticized formulas have to do with the electoral campaign. This is a matter of strict economic calculations; the economy is harsh and stern, and its problems can be solved only by means of a realistic and professional approach. In this matter not only does dilettantism and general, politicized formulas not help, but they create confusions and interfere with an appropriate solution to the issue.

Haseganu: In this context, how do you see, for example, the recent Polish concept?

Iliescu: You saw that it was an experiment such as it is sometimes practiced in the world: You throw someone in the water and thus force him to learn how to swim.

Haseganu: Is this perhaps a regression, or is it simply an added measure of flexibility in their new situation?

Iliescu: You see, they began this experiment longer ago. They have about 10 years of explorations. At one point they decided to force the situation. Life set them straight. That, too, can happen. Life generally sets us straight, too, as it does others. We are traveling an unknown, uncleared path. In general, we must continuously correct ourselves in keeping with the realities prevailing and with our means.

Gilda Lazar, ROMANIA LIBERA: Mr. President, I wanted to ask you why you violated the protocol and attended the Athens conference as head of the delegation. But since you explained that it was a matter of a certain status and level, and that it coincided with an

official visit, I will instead ask you whether you did so in order to save money? In other words, you combined the two events? And a second question: You said that the press reports are not affecting Mr. Magureanu's dignity. But how do you explain the fact that Mr. Magureanu lied to Parliament and implicitly to all of us at the time the national security bill was passed, when he said that he never worked for the Securitate. And, in the same connection, how do you explain the fact that for three weeks, i.e., from the publication of that article in *TIN-ERAMA* to this day, the SRI remained silent?

Iliescu: First, regarding the protocol. There are no protocol rules at such informal, unofficial meetings. There are also honored guests—heads of state and prime ministers—such a conference does not necessarily have to be at the level of heads of state, or prime ministers, or ministers, and so forth. This is precisely the specific trait of such unofficial, informal meetings, to which various public figures are invited! Both heads of state (the president of Armenia was there, too, among others) and heads of government (the Georgian prime minister). Consequently, the participation was at various levels and there was no specific, rigid protocol. That is precisely the advantage of such unstructured meetings.

Personally, I believe that even if the visit had not been an official visit, my presence would not have sounded a false note given the structure of such meetings. I had been particularly invited to chair a seminar devoted to the region to which we are directly linked and in which we are interested. So there is no need to seek additional, uncalled for problems.

As for Mr. Magureanu, he did not work at the Securitate. He did an internship with the SIE, which I think is not the same thing as the Securitate, and that was always the case. And as I was saying, he can explain all these things by himself.

Ovidiu Nahoi, ROMANUL LIBER: Mr. President, at your press conference in Athens you said that you may candidate in the presidential election either supported by a party or by a coalition of parties. My question calls a short answer: Is the Romania Mare also included in the calculations that you are undoubtedly making now, before the election?

Iliescu: First of all, I already said that I have not yet decided whether to enter the election or not. About the options I have if I run, I said that all the roads are open to me: I can run as an independent, without any support from any party, or supported by one party or several parties. As far as I am concerned, I still have to decide whether I will enter my candidacy or not. Whether they will support my candidacy is then up to the parties in question. So from that viewpoint I do not want to commit to a certain answer.

George Stanca, EXPRES MAGAZIN: Mr. President, what was the reason for transferring Ambassador Aurel Dragos Munteanu from the United Nations, where we know he had distinguished himself, to Washington?

Second question: We would be interested to know what the reasons were for which you turned down the audiovisual media bill? And a third question: Do you view the Soti TV channel, and if yes, what do you think about it?

Iliescu: Aurel Dragos Munteanu carried out valuable activities at the United Nations at the time Romania was a member of the Security Council, he even twice chaired Security Council sessions in accordance with the rotation principle, for one month each. In this way Mr. A.D. Munteanu won a very useful political capital. Considering the importance of our relations with the United States, we were of the opinion that he was the best candidate, precisely because of this political capital he had gained, to represent us in Washington. In fact, he was warmly received by the U.S. administration.

I did not turn down the audiovisual media bill. I sent it back to Parliament because it required some clarifications. Among other things, the bill deals with the establishment of an audiovisual media council. This council will be controlled by Parliament, but the bill had envisaged only the structure of the council as such, namely 11 members. This council, however, must work as an apparatus. Of what will this apparatus consist? The bill did not envisage that. I sent it back to be completed with such provisions designed to make it ready for implementation. Otherwise it will hang in the air. Some people are elected, then what do they do? Where will they work, in what framework, how, with what apparatus? Parliament had a lapse about this chapter. To sum up, the bill was not vetoed, only sent back for additions.

I have not yet managed to see any Soti broadcasts, so I do not have any opinion about that TV station.

Tiberiu Enisei, MARINIVE: Mr. President, we know that most of Romania's military treaties were signed with Turkey. If Romania draws closer to Greece, which is Turkey's rival regarding supremacy in the Mediterranean, will that not hurt its relations with Turkey, considering the fact that the latter is an important investor in Romania? And if Turkey and Greece are countries close to Romania, what role will Romania play for winning the supremacy in the Mediterranean?

Iliescu: Whose supremacy, ours?

Enisei: No, Romania's role between those two countries.

Iliescu: We do not have military treaties, only political treaties between the two countries, that is to say, between Romania and Turkey and Romania and Greece. We signed such treaties with both Turkey and Greece. We have equally good relations with both Turkey and Greece. We believe that this is a positive and constructive element, a balancing element. In fact, both Greece and Turkey are neighboring, cooperating countries. Naturally, they do have their disputes, especially regarding Cyprus, but in other respects they have relations of cooperation in many areas. So I see no contradiction in having treaties with both Turkey and Greece. What is more, Turkey was the country that initiated the actions

regarding a zone of economic cooperation in the Black Sea. The treaty was signed in Ankara, and an agreement was initialed on creating a "free trade"-style zone among the Black Sea countries, in which Greece has expressed a desire to be associated. The Turkish representative himself welcomed that in Athens and said that not only does Turkey not have anything against it, but it views the presence of Greece in this economic community as something positive.

Cristian Sanu, EUROPA: Mr. President, at a recent press conference held at the Ministry for the Environment, Minister Marcian Bleahu was very upset about the fact that you visited two units controlled by his ministry without first informing him; he even joked that you must have been looking for a new job in case you are not reelected president. In that case, however, you should have asked him for the organizational schedule. Please comment on this from the viewpoint of the Constitution and the relations between the presidency and the government. Second question: How do you explain the obvious "change of tune" of the U.S. administration toward Romania and even toward some of its leaders?

Iliescu: Mr. Bleahu exaggerated a bit and was not well informed on what it was all about. Neither the head of state, nor the head of the government, nor other persons are obligated to ask the permission of the minister every time they enter an enterprise or institution subordinated to that ministry. I did not go there to inspect the ministry's unit. I went to a research and planning unit with which I had had direct contact when I was employed in the field of water management and also when I worked for the Technical Publishing House. And I went because I wanted to see how those people were doing, because I am aware of the difficulties that now exist in the wake of cuts in hydrotechnical investments and of the problems that these people must be encountering. As a matter of fact, I wanted to suggest a meeting to Mr. Bleahu to exchange views about the way in which his ministry in general deals with issues regarding water management, the forests, and the environment. Those are three distinct areas, each with its own characteristics and difficulties related to the budget situation. We must support such activities. He did in the end understand and apologized for that public display.

As for the "change of tune" in Washington, I mentioned the new positive elements that have emerged in the relations between the United States and us.

[25 Apr pp 2-4]

[Text] **Geo Ciolcan, ROMANUL:** Mr. President, we are all suffering for the bloody tragedy of Bessarabia, some of us more and some less, depending on how involved we are, most of us mostly emotionally. I would say that you, as president of Romania and as possible president of those territories across the Prut, are directly involved in finding a positive solution to the conflict across the Prut and on the other side of the Dniester. The public in this country is somewhat confused about certain Romanian

press reports regarding the fighting and the dispute in the Dniester region. More precisely, a popular Bucharest newspaper carried declarations by representatives of Moldovan militias who said that the government in Chisinau—specifically President Snegur—does not want to arm them because those arms may be turned against them. Question: You, as a person who has had numerous direct contacts with President Snegur and other members of the Moldovan leadership, are you certain that Mr. Snegur and the government in question may not be conducting a duplicitous policy at this time? And another question: From your contacts with the president of the Republic of Moldova, are you certain that he is convinced that that part of Romania can and must necessarily return to the fatherland? Thank you.

Iliescu: The emotional element is only natural at truly tragic moments. At our last meeting, President Snegur told me that the Moldovan side had 50 dead, which means that 50 families experienced the tragedy of losing lives, while others were wounded, and that undoubtedly raised the emotional temperature among the population, especially in the areas in question, on the left side of the Dniester and, to a certain extent, in Tighina, on the other side. So from this viewpoint the emotional element is understandable.

I do not know to which Bucharest newspaper you were referring, nor about the statements you mentioned by young policemen in the conflict areas.

Regarding the fact that the population demanded arms, Mr. Snegur told me about that, too. At one point, during a demonstration in front of the government building, several women came and demanded weapons, because the men were not strong enough, and they were going to teach the separatists a lesson! Of course, in such situations the political leadership of the country must weigh all the consequences. It cannot let itself be dragged into any adventure. The military solution is not the right solution to this problem. Of course, the fact that life confronted them with a fait accompli, with the arrival of anarchic forces helped by cossacks and of formations that committed sometimes savage acts of aggression, thereby violating the sovereignty of that state, will elicit both a riposte, and outrage, and everything possible. But the political leadership is the one that has to assume the responsibility for how it will deal with both the military and the political aspect of the problem.

I do not think that we have reasons—I personally do not have any reason—to view President Snegur's position as duplicitous. Of course, there too, all kinds of people are expressing all kinds of views, which may change from one minute to the next. I saw people who at one point held very radical positions: Tomorrow we unite! After a while others, or perhaps the same people, began to think more realistically: the unification cannot happen at once. At one point, President Snegur said: "After all, why don't we declare the unification and leave alone those people in the Dniester Region, it is not a Romanian territory, we will unite without them. But the next day the Romanians

on the other side will denounce us as traitors." There are 240,000 Romanians in the Dniester Region, 40 percent of the 600,000 population of that territory.

Consequently, the Moldovan leadership must consider all the consequences of its acts on the entire population, on both sides of the Dniester; it must also consider the general mood in the country. Personally, I do not think that there is any question of such a thing, of duplicity, and the issue of reunification is an issue that once again, constitutes a political act with multiple consequences that must be considered as such and duly prepared.

These matters are best discussed less in the public market, while actions are taken to achieve a process of real integration, which in the final analysis will end in the appropriate political measure.

Aristotel Bunescu, TINERETUL LIBER: Mr. President, please comment on the recent FSN Convention, the break up between Petre Roman and you, whether you think it was a question of the winning motion separating from the initial FSN, and how do you relate to what is now known as "FSN-22." Second question: In view of your concerns both as an individual and as president of the country, it is only natural that you should have a desire to be familiar with the international realities. I am referring to the works published by the Technical Publishing House and your visits abroad. Also, as a person who wishes to keep abreast of the domestic realities and as an individual and head of state, I dare ask, "What are the elements of domestic and international program that you can cite at this moment?" And a last question: At the previous press conference you elegantly evaded supporting any newspaper. Naturally, every day you are shown the most important articles of the day, but like any other reader, it is impossible that you should not have a favorite newspaper, or one that you do not like. So which newspaper do you like and which one do you dislike?

Iliescu: I will refrain from commenting on the Front Convention and the split that occurred not between myself and Mr. Petre Roman, because we were not competing in the party, since as you know, at the time I was compelled to withdraw. This was a process that occurred inside the Front, about which I talked some time ago. I understood that inevitably and objectively, the FSN had to experience internal convulsions within this entire process of evolution of the Romanian society. Our entire political life is evolving. The existence of such a large number of parties is also abnormal. The legislation and the decree-law that sanctioned such minimal requirements—250 members in order to form a party—were also criticized. As some people put it, parties were formed while waiting in line for the bus. This may also have contributed to encouraging this dispersion, but at the same time I think that it was an objective element, too, in the sense that after a period in which the right of expression, of choice, and so forth were smothered, this desire for diversity is understandable. As a matter of fact, I noticed that we were not alone in the world to have

such an experience, similar situations occurred in other countries, too, after the war. We were told that more than 250 parties were formed in Spain after the Franco regime, so it is a natural process. At the same time, it is understandable that given the evolution, so many parties cannot simultaneously exist in the final analysis, because the political spectrum tends to polarize along several strong, major lines. We are still in the process of emergence of such lines; there are still very many similarities between parties that declare themselves as having different positions, as well as disagreements inside some parties. Consequently, the process of splitting up or merging will continue. I think that the elections themselves constitute a sorting out process: That in fact happened in 1990 and I think that the same will happen in 1992. In 1990 only 14 parties had representatives in Parliament, and of those only seven had two seats on the average [figures as published]. Thus, a certain selection is done by the electorate. That is why I was not surprised that precisely the party that assumed the responsibility of governing had to pay the price for governing. Governing at a time of crisis is a risk. The political parties that govern at times of crisis always have to pay the price for taking the responsibility for such a mission. How things will develop from now on, after this split, is a question that life will answer, and I do not wish to make predictions. On the one hand, I regretted this process that led to the breakup of this party because, as I said, we risk finding ourselves in the Polish model, with a very wide dispersion of the electorate that makes it very difficult to govern and to form coherent teams; on the other hand, this is an objective process that we must take into account, whether we like it or not.

As for my personal program, I suppose you are referring to the traveling I am planning to do in the near future. As much as time allows it, I am trying to have broad contacts with representatives of political parties, trade unions, social organizations, and other categories of people here, in Bucharest; I also try to travel to other parts of the country and to have extensive contacts with various people. In my schedule this will also materialize in additional travels through the country, as well as additional international contacts. At the moment I cannot offer you any concrete data.

I would not like to make any comments on the press, what I like and what I do not.

Dan Lazarescu, VIATA MEDICALA: Mr. President, less than one month ago, i.e., on 18 March, the Parliament passed a 122 billion [presumably lei] health budget, which was about 50 billion less than the absolute minimum required for the survival of that sector. On 2 April the Ministry of Finance communicated to the Health Ministry the fact that the budget was only 108 billion, meaning another drop of 14 billion. I want to ask you what you think about this, because according to all the forecasts and calculations, very soon—about June-July—many of the health care units and many hospitals will be closed down, leaving the public without medical care in many areas, that is, cutting down medical care

only to urgent cases. Chronic patients, who make up the majority of the ailing, will no longer get medical care. Moreover, a few days ago, on Saturday, the medical trade unions decided to resume their strike at the beginning of May, if the situation is not resolved until then. I would like to ask you what you think about this, about the consequences of these successive fund cuts, and whether you will promulgate the budget law in such a situation?

Iliescu: I have already promulgated the budget law. As you know, the Parliament has discussed the draft budget at length. The most sensitive problems concerned precisely the chapters dealing with health care, education, culture, the Army, defense, and investments. But the situation cannot be solved by wishful thinking. In 1989 Romania entered a state of economic crisis and economic blockage that had very serious effects on people's lives, something that in fact caused the social explosion that occurred by the end of 1989. As you know, the material production fell continuously; we are at a stage of permanent decline; currently the industrial output is about 65 percent of what it was in 1989, which means that we have unutilized production capacities. What possible effects will this have? It will have effects on production costs and thus on the inflation curve, price increases, the labor forces—i.e., unemployment—and on the state budget revenues. In view of the very difficult situations we were facing in the first half of 1990, a number of problems have been solved, some justified, others perhaps less so. If you recall, in January I think, urgent requests were pressed to return the employees' social shares, which at the value of our money then, represented 28 billion. Personally, as chairman of the CFSN [FSN Council] and later of CPUN [Provisional National Unity Council], I recommended that we return this money gradually, over a period of about three years. It was impossible to find understanding in this respect. Industrial concerns from Bucharest and from throughout the country came in mass to demand that the money be returned, and we were forced to do so.

Everyone wanted a reduced work week immediately. Somebody was relating to me a discussion with a Japanese who visited our country and who reportedly said: "You are rich compared to us! You left us behind." "In what way?" "You have a short work week, we cannot afford it. We work on Saturdays, and sometimes on Sundays, too." We reduced the work week, which cut into the work time and thus affected the production. The miners then came to demand that their work week be reduced to 30 hours. We had a face-to-face discussion at which I said: From 48 to 30 hours, that will mean a drop in production. They claimed that they were going to do in 30 hours as much as they did before in 48, that in fact a miner cannot withstand eight hours underground—until they begin to work, in addition to which one hour before the end of the day they don't work much, so in effect they actually do work about six hours; but now they will work six hours intensively. I expressed some doubt about what they were saying and I was right,

because the output has dropped. Since then there have been many other requests; all kinds of supplementary allocations that had been unjustly eliminated by the old regime, were now demanded, in very radical wording, to be restored. Where did all those funds come from? From the only budget chapter that could be abused, namely the investment chapter, which from 300 billions in terms of investment value in 1989 dropped to 30 billion in 1990, one tenth. That is why whole projects are lying there unfinished, as well as civic works, civil construction, roads, power plants, and others. This year, an acute problem emerged as the 1992 budget was being drafted. We had to complete the work on the nuclear power plant in Cernavoda, for which the Canadians had approved a loan. Our share was to be 75 billion. However, the entire budget, in terms of the new value, is about 100 billion. Altogether 33 billion were allocated to the power sector, of which 20 billion went to Cernavoda. This translates into thermal power plants that cannot be maintained and hydrotechnical works that have to be closed down and are moreover deteriorating standing there idle.

And of course, the consequences have an impact on the very sensitive, very delicate chapters of health care, education, culture, and even national defense. Here it is not enough to acknowledge and to cry on each other's shoulders about how poor we are. This is the reality, we are poor! But we must think what we can do to rebuild our potential to create something of value, our productive potential that is, those activities that produce assets and that can bring resources to the budget and to the economic activities, thus also resolving some social problems. In fact, there are many other problems, such as the relationship between prices and wages, pensions, and so forth. For example, Parliament is now discussing pensions for the peasants—another problem—for which we must find funding resources, etc. This is the situation, whether we like it or not. And strikes will not solve it; strikes don't make more money, don't create additional budget resources, on the contrary, they cause additional negative effects by disrupting the production process or the social life.

Ioan Itu, TINERAMA: Since I am also the person who published the Magureanu file, I feel compelled, much to my regret, to contradict you, Mr. President. Mr. Magureanu did work at the Securitate, albeit for a very short period of time. The office for which he worked belonged to the Securitate and he worked under Ion Pacepa himself; the general directorate for foreign intelligence was a component, a component directorate.

Iliescu: I see. He will answer himself. I am not Mr. Magureanu's attorney.

Itu: The question I wish to ask you, Mr. President, is: Since you were the one who appointed him, what do you think about the fact that Mr. Magureanu lied to Parliament and to the public and concealed the fact that he belonged, for whatever period of time, to those Securitate structures, because in itself that fact is not a crime or

grounds for condemnation, the fact that he worked for the Securitate for a few months.

Iliescu: I have already answered that three times, I think I have answered enough, I have nothing else to say.

Itu: You did not answer to that aspect. The second question, Mr. President, is: News from the Romanian diaspora in the West claim that King Michael intends to visit Romania for the Easter holiday. What would you think about it, if it came to pass?

Iliescu: As I said on other occasions, if the citizen Michael of Hohenzolern wishes to visit Romania he can do so any time, in compliance with the laws of the country and applying for whatever is necessary as a rule. But if he wants to come as the sovereign, as King Michael, he will not find open doors; he must respect the country, the Constitution, and this country's regime.

Dimitry Diakov, TASS: Mr. President, it is being said that the tension in the Dniester Region and Romania's involvement in those issues has had a negative impact on Romania's relations with the states in that area, especially Ukraine and Russia. In view also of the program adopted by the recent FSN Convention, which refers to that area as the "deep-in-the mud East," we understand that Romania is not willing to expand its cooperation with those countries. Please give us your evaluation about this and about the priorities of Romania's policy in that area.

Iliescu: As you well know, Romania supported and had direct communications with representatives of Ukraine and Russia. We found it useful and necessary to organize a meeting of foreign ministers, first in Helsinki and then in Chisinau. We believe that it is in our mutual interest to develop relations of good neighborliness, both with Ukraine and with Russia. We disapproved and will continue to disapprove of any act that violates the principles of interstate relations. We expressed disapproval not of Russia, but of its government, of the position adopted by Vice President Ruskoy, and of the statements made in the Congress of Deputies and by other conservative, proimperial forces that ignore Moldova's status as an independent and sovereign state and fail to condemn the acts of violation of that sovereignty, the emergence of armed groups, and the Cossacks' actions. The arrival and presence of such groups on the territory of a sovereign state, which has been recognized by all the CIS [Commonwealth of Independent States] member states, is scandalous. That is what we condemned and what we will continue to condemn in the future. I think that if we respect those principles we will be able to establish relations of real good neighborliness, friendship, and cooperation, because it is in our common interest to achieve a region of international detente, rather than of conflicts and tension.

Adrian Foreman, BBC: Mr. President, in view of the sensitive issue of the independence of the Dniester Region and the fact that Russia, various Russian forces, showed support for that independence, do you think

that, in this situation, a unification between Bessarabia and Romania is still possible?

Iliescu: There are two distinct questions here. The first is: The Dniester Region is part of the territory called the Republic of Moldova. All the former Soviet Union states recognized its independence. Official declarations made by the foreign ministers and other official declarations issued by Russia and Ukraine mentioned the integrity and sovereignty of the state of Moldova. In this context, recognizing the so-called Dniester Republic runs counter to the recognition of the sovereignty of the Republic of Moldova. Practically speaking, the survival of a so-called Dniester Republic implies a very small territory inhabited by 600,000 people. The Russian Congress of Deputies talked at length about the "people of the Dniester Region." What does that mean, the "people of the Dniester Region"? They are 40 percent Moldovans, approximately 28 percent Ukrainians, and only about 23 percent Russians. These Russians want to impose their own solution on the others, on the great majority. Some 65 percent in the republic are Romanians and 35 percent others. This is a dangerous policy even for the Russians living on Moldovan territory, because 75 percent of them are on the right side of the Dniester. Only 25 percent of them live on the other side. Consequently, if they cut up this territory, where will the other Russians live, still together with the Moldovans? Even those Russians, as well as several deputies of Russian descent expressed disagreement with Ruskoy's position, which has created such a passionate problem regarding those territories.

The second issue is that of the Romanian territories forcibly occupied by the Soviet Union. That was one of the outcomes of the Ribbentrop-Molotov Pact. That problem is connected to many others, because currently some territories belong to Moldova, but there are also Romanian territories that are now in Ukraine. These issues can be approached from another angle.

Lilian Zamfiroiu, CURIERUL DE VILCEA: Mr. President, in the almost two and one-half years in which you have been the number one political figure in the country, much has been said about your attitude toward the press in general. I want to ask you to tell us whether you think that the passing of a law of the press is opportune at this time and if yes, please list a few of the elements that in your opinion should not be absent from a possible law of the press.

Iliescu: There are two distinct issues: One is my affective or nonaffective attitude toward the press, and the other is the legal issue of the existence or absence of a law of the press. I was never hostile to the press. Whenever I expressed dissatisfaction, it was with the frequently substandard language used by certain publications. This was not only my observation! I recently saw a commentary by a foreign journalist, a prominent publicist, who was remarking on the substance and quality of the Romanian press, which he viewed as superpoliticized, involved primarily in partisan disputes, and as having

abandoned two fundamental duties incumbent on the press: Providing primarily objective and complete information, and secondly, serving as a forum for substantive debates on the issues confronting the Romanian society. I think that our press indeed lacks a good measure of these elements. I have noted attempts to broach other issues, too, in many publications, but as a rule such efforts are limited and what is predominant is a note of tension, of rage, and sometimes venom which is disturbing and which does not serve any purpose, not even the reputation of the press.

Concerning the law of the press, there can be one or not. A law of the press will in fact not solve the main issue, that of deontology. Of course, such laws are practiced, we had them, too; the first law of the press was under Cuza; it is actually worth reading again. Many countries have a law of the press, which sanctions some rules, rules of behavior and rules on the relations between the press and the civic society and the political society. I think that such a law can be useful in our country, but the opinions are divided on this matter even among the journalists. I remember a first meeting I had—in the first quarter of 1990, I think—with a delegation of journalists; a first association of journalists was then in the process of being formed. I myself suggested that they should take a legislative initiative and work on such a draft bill, and that it could be very useful for them to plan the framework for such a law themselves. However, independently of whether we have a law or not, I think that the moral aspect is much more important and that the journalists as a collective can do more along this line, shedding this uncivilized language of fury and bitter strife, which contributes to heightening the tension of the social climate.

Lucian Zamfirescu: We should therefore conclude that you are neither for nor against a law of the press.

Iliescu: Yes, as you see, I am rather wavering. Meaning that I have my reservations about the effectiveness of administrative measures, especially when it comes to expressing positions, thoughts, and so forth.

Stefan Stoian, BARICADA: Mr. President, with your permission, two questions: The press recently reported that in March, after the events in Tirgu Mures, you established the SRI by a secret order. Is that true or not? Second question: When you appointed Mr. Magureanu at the head of that service, were you aware of his notorious past as a Securitate officer, because it seems that he was even shadowing you?

Iliescu: There was no question of a secret order. It was a matter of a public decision taken by the CPUN; at the time, the CPUN Bureau discussed the text of that decree-law on the establishment of a Romanian information service. That came in the wake of discussions to the effect that such a service was missing in Romania. As is known, in the night of 22 December we had taken the measure of dismantling the Securitate as an institution and of eliminating the instruments of repression present

in the operation statute of the Securitate: incarceration facilities, the right to perform arrests and questioning, armed units, and so forth. All those elements were liquidated, and what was left was put under the protection and supervision of the Army. Thus, we found it necessary to create, like in all the civilized countries, a Romanian intelligence service. The new Parliament discussed a law to that effect. As for Mr. Magureanu's status, I think I have answered to what...

Stefan Stoian: No, you have not answered, Mr. President. I asked something else: When you appointed Mr. Magureanu, did you know that he was an old Securitate officer and moreover, that he followed you for a long period of time, up to the time of the revolution even.

Iliescu: Even now I do not believe this version. Now he will...

Stoian: So you did not know that he had worked for the Securitate.

Iliescu: No, I knew that he had interned for a few months with that service, without having any professional duties as a securist, as an employee of the Securitate. Three or four months later he left there.

Stoian: Only you can relieve him, I don't see how he could...

Iliescu: I know. No, in fact the SRI director has to be confirmed by Parliament, in accordance with the new law. I recommend him and Parliament has to confirm him.

Cristian Popisteanu, MAGAZIN ISTORIC: Mr. President, if you don't mind, I would like to go back to Athens for a moment. You went to Davos and now you went to Athens. You had a talk with the deputy prime minister of Luxembourg about our joining the European Council as a full member. What is now your perception of our association with the Common Market as a long-term process, especially since Greece has gone through this process and is quite familiar with it. That was my first question. My second question regards an important social situation, namely the drivers' planned strike, because a large number of newspapers reported that you were recommended to already mediate in this social dispute. Please comment on that.

Iliescu: Regarding our association with the Common Market, first of all, last year we signed a commercial agreement with that body. Following talks, negotiations have begun about our association to the Common Market, but this is a rather protracted process. We know that Poland was in such negotiations for one year, because all the issues are discussed in detail, even import quotas for various products from the joining countries to the Common Market and the conditions governing such imports. We had a first discussion, for example, regarding metal industry products, in connection with which Spain expressed opposition. I even discussed this topic in Athens with Prime Minister Mitsotakis, with the

foreign minister, and with other representatives and I secured promises from Greece that it will warmly support us. So there will be many discussions on this subject. We will begin with agricultural produce and foodstuffs, textiles, products of the mechanical industry, and from other sectors. In other words, these negotiations are of a very minute technical and economic, commercial and financial nature. As a matter of fact, we received information from the Poles and from others about the manner in which their negotiations went; the Foreign Ministry and the ministries involved even gathered documentation about the composition of the Romanian delegation and considerations regarding all these data in order to be able to support, plead for, and obtain the best possible conditions in this process of negotiations.

Regarding the drivers' strike, I also received an appeal from the trade union. Last week I already met with the chairman of the drivers' trade union, who is also chairman of the Fratia Confederation, I had talks at the government, and at their request I arranged for some informed and qualified government representatives to go today to examine the situation in depth. From the letter they sent me I gathered that they have some objections about the manner in which the management representative handled those issues with them. They asked for support in ensuring a more qualified representation and a better qualified manner of tackling the problems. I hope that an agreement will be reached. I hope that reason will win, otherwise nothing will be solved by having a strike or blocking roads and border crossings. What is that but a fresh display of force, showing how you can use vehicles to block various activities. That will not provide any additional sources for resolving these problems, because the wage system is negotiated with the businesses in question, as are the conditions for the privatization of economic units. These things will not be resolved with vehicles in the streets. This must be handled in a normal, civilized framework of dialogue, discussions, analysis, and of determining the possibilities existing for finding or not finding solutions to certain issues, or establishing a common plan and strategy for dealing with these problems. From this viewpoint, I hope that the necessary elements of reason and rationality will be present for understanding and dealing with all these aspects.

Wjaczeslaw Samoshkin, NOVOSTI: Mr. President, how does one reconcile Romania's desire to view Ukraine as a natural, perhaps number one ally from the Former Soviet Union, with Ukraine's intransigent refusal to accept any territorial demands made upon it?

Iliescu: These are generally delicate issues and there is almost always intransigence in such situations regarding territories and frontiers. There are also some international agreements by which we are bound: the Helsinki Agreement and the Charter of Paris. That, however, does not remove the problem of historical and legal facts, and of the manner in which those ancient Romanian territories—Bukovina, for example—were at one time occupied and held by Russia for 150 years, from 1812 to 1918

[as published] without having any right to them, because at the time Russia, after a six-year war with Turkey, won from the Turks half of the Principality of Moldavia. But the Principality of Moldavia was an independent, self-reliant state subordinated to the Ottoman Empire, which means that it only paid tribute to it, so Turkey had no right to give away a territory that did not belong to it. Consequently, Russia's occupation of Bessarabia and its transformation into a province for about 100 years was an illegal act that violated all the norms of international law. In 1940 Stalin and Khrushchev went even farther than the tsars. Not only did they reoccupy Bessarabia without any right, but they also occupied territories that never belonged to Russia: a small area that belonged to Moldavia, namely Hertsa and Northern Bukovina. That territory was then divided into three: The northern and southern parts were included in Ukraine—those territories did not belong to Ukraine ever in history—and the central, largest area, plus a territory that never belonged to Romania, the Dniester Region, was formed into the Moldovan SSR. This is a historic fact for which there is legal evidence. We cannot ignore this fact. That does not mean that we have to shout: "Romanians, to arms," and immediately proceed to reoccupy those territories! This is not the way to solve these problems. We must find a path of understanding first of all independent of this conflict. We are neighbors and we will have to learn to coexist, to live together, and the best is to live in relations of good neighborliness. We have many common interests, both economic, political, cultural, and others that speak for developing such relations of good neighborliness. I think we have found this kind of language regarding the tension in the Dniester Region; in this instance Ukraine took an active, positive, and constructive position. Therefore, I think that aside from this dispute bequeathed to us by history, we will find ways of establishing relations of good neighborliness, leaving the historians and the jurists to examine this matter. Life will mend this, too.

You see, for centuries Germany and France lived in permanent tension over disputed territories. I see now that they can live and no one is ever saying anything about the formerly disputed territories in France or Germany, and people are getting along. So the issue is linked to a general evolution, to both economic and political development and to eliminating the rigid elements from the relations between neighboring countries, something that in the end will help overcome the tense moments that may have existed at one point. We, too, hope for such a positive development.

Calin Neacsu, AFP: Mr. President, what is the current stage of talks regarding the signing of a Brotherhood Treaty with Moldova, because they seem to be somewhat behind schedule; from what source did you hear of 1 January 1993 being the date for the withdrawal of the 14th Army from Moldova, and who is the new Romanian ambassador to the United Nations?

Iliescu: The work on the bilateral treaty stopped progressing because of the recent events. I hope that the

situation will settle down and that we will finalize it. January 1st was the date that Mr. Muravski discussed in Kiev at the prime ministers' meeting with General Sapozhnikov, when the withdrawal of the 14th Army from the area between the Prut and Dniester, as a first stage, was discussed and when a withdrawal schedule up to 1 January 1993 was discussed. This entire matter will be laid down in a document, an agreement that will sanction the status of that army, the conditions in which it will be maintained as long as it remains in that area, its relations with the political leadership of the country, and the withdrawal schedule.

The ambassador to the United Nations has not yet been appointed.

Claudiu Ciortan, TIMISOARA: Mr. President, with your permission I would like to ask two questions, if possible. In view of the recent political developments in the country, what is your position regarding the monarchy? Secondly, regarding the Magureanu file and case; Does a captain need any internship?

Iliescu: Regarding my position toward the monarchy: We have a Constitution, a republican Constitution, so we must first of all go by Romania's present Constitution and thus by the choice expressed by the people in the referendum regarding the republican Constitution, whose first article refers to this status of the Romanian state. On the other hand, in principle if you wish, I do not think that a monarchy is the institution that Romania needs today; The Romanian people opted for a democratic regime and rebelled against a totalitarian regime in which the country's political leadership was not subject to security [presumably social] control. The monarchy, on the other hand, is an institution that is not subject to social control, is not elected, and is of "divine right," an institution superimposed on the civic society, the political society, and the society in general. So what can the existence of a monarchy contribute in this respect to the development of democratic principles in the country? I think that would be a step backward! I am not criticizing the existing monarchies. They, however, have some traditional roots, although their role has in fact been curtailed in the political life of the countries in question precisely because they are viewed as a historical, traditional relic, rather than an active political institution specific of the democratic development of the contemporary world.

I do not understand this great interest in Mr. Magureanu. I understand that you are joining the other questions; I will carefully check what you said.

Peter Sragher, ADEVARUL: Mr. President, how much greater do you think Mr. Radu Cimpianu's chances are in the presidential election now that the PNL [National Liberal Party] has left the Democratic Convention?

Iliescu: First, I don't know whether Mr. Cimpianu will run in the presidential election. Second, allow me to abstain from any comment about this; every party is entitled to decide on possible or not possible alliances.

When it comes to elections each party has its strategy and tactics in line with the given conjuncture in the country's political situation. So I cannot come out with opinions on what is best for a given party.

Milan Petrovic, BORBA: Your Excellency, I expected my colleagues to raise the burning, great, world issue of Yugoslavia, a subject that you discussed in Athens with President Karamanlis, Prime Minister Mitsotakis, and even with the Serbian foreign minister. What is your view of the present developments, when recognition of seceding states is subject to a great diversity of opinions? For example, Cyrus Vance said in Hong Kong that recognition did not do any good, in fact it added fuel to the fire. What is your position after those talks?

Iliescu: In general, we follow the events in the area with great attention and interest, also because our historical relations with Yugoslavia and with Serbia have been among the best. This is one of the neighboring states which we never had disputes throughout history; our relations have been governed by mutual understanding, support, and solidarity. On the one hand, we were saddened and worried about the process of disintegration of the Yugoslav state, which was created in the wake of World War I and which was instrumental in the disintegration of the Austrian-Hungarian empire in Europe and the emergence of new states. We believe that this matter is dramatic not only for its peoples, but for this entire region and for its stability. From the discussions I had before with Mr. Milosevic and more recently with Mr. Jovanovic in Athens, my discussions with Greek political leaders, with Mr. Karamanlis and Mr. Mitsotakis—who also have great sympathy for and had good relations with Serbia and Yugoslavia, and who in turn are concerned about the situation of Macedonia, which is eliciting negative emotions and reactions in Greece—I concluded that the fears expressed by Serbia's political leadership about the recognition of Bosnia and Herzegovina are being confirmed. Not only has it not solved the problem, but it has contributed to sparking off the conflict and a state of war in that republic. The state has three ethnic components, somewhat over 40 percent Muslims and about 30 something percent Serbs and Croats. The Serbs refused to participate in the referendum regarding the proclamation of independence of that republic, viewing it as anticonstitutional, because the Constitution of Bosnia and Herzegovina proclaims the coexistence of the three communities; finding a solution to all the problems requires a consensus between the three ethnic communities. The fact that two of the communities proclaimed independence, ignoring the choices and wishes of the Serbian community, turned out to have been a factor that deepened the internal conflict in that Yugoslav republic. Moreover, the Serbs, who make up more than 30 percent, take up about 60 percent of the territory of Bosnia and Herzegovina, while the Muslims and Croats have the remaining approximately one third. Thus the situation became an even bigger conflict and things became even more complicated, rather than being solved.

I saw the reaction in Greece regarding Macedonia; Minister Samaras resigned in connection with it, because he pleaded with the European community not to recognize a state named Macedonia as such, Macedonia being the northern part of Greece, one of the most ancient state formations with its political center in Salonika. Giving the name of Macedonia to this area proposed for recognition was perceived as a kind of intention to make territorial demands on northern Greece. The reaction to this in Greece is very emotional and the former minister expressed displeasure about the European Community's decision to recognize the Macedonian state. So, Samaras pleaded against this in the European Community, but as his view was ignored, he resigned from the government. Thus, the situation has led to tensions in the political life of Greece, too. Indeed, it is a delicate problem that is affecting the stability of the entire country and region.

Roxana Dascalu, REUTER: Before the end of your term as president of Romania, can you tell us what was the greatest satisfaction and the greatest disappointment of Romania's first elected president after World War II?

Iliescu: It has not been an easy task, from the very first moments of the events of the afternoon and night of 22 December, when we were in a state of exceptional tension and, how shall I say, in constant danger to our very lives. My greatest satisfaction is that during these two years we nevertheless managed to keep this country in balance. Because given the situation in the night of 22 December, a real danger existed that the country would fall into complete chaos and anarchy. Nevertheless, despite the convulsions, difficulties, hardships, criticism, and all kinds of attacks, we did manage during this period to maintain a balance in this country, in this society. We then took important steps toward changing the aspect of the Romanian society from the viewpoint of freedoms, civic rights, and the foundations for a law-governed state; we organized the elections of May 1990 and established a bicameral Parliament. Despite all the criticism leveled at the Parliament and Parliament members, it did work intensively and it fulfilled its main mission, its main task, which was to draft and pass the country's new Constitution. We have a democratic Constitution, viewed as such by the international political public opinion and by experts in constitutional law. I think that it was the essential achievement of this entire period, along with an entire legislation affecting the basic areas of our social life, including the economic area and the economic reform. It will be a long and laborious process, but great efforts were made and, how shall I say, are being made especially regarding the legislation and the establishment of several institutions that will complete the legislative and institutional framework of a market economy in Romania, with a view to launching the Romanian economy on a modernization orbit in line with the processes occurring in the world economy. Thus, from this point of view I can say that I lived through a special historical period in the history of the country. I think that those who will judge us in 20 years, from the distance imparted by time and with the clear-sightedness and objectivity required to examine events,

will evaluate this period in the history of the end of the century in our country as not merely a dramatic moment, but as a heroic moment, as a special moment for the transformation of the Romanian society.

From the very beginning I was convinced that we were entering a difficult and laborious period and that we will have to go through very difficult stages. That is why I cannot but share the general unhappiness regarding the enormous hardships through which the Romanian society must now go. There may have been many things we could have done more wisely had we had the necessary calm and the necessary favorable climate, but we lived in a state of tension that made us cede in many areas, especially in the economic area. For example, many people criticized me for some comments I made about the agriculture, an area in which we could have acted more wisely, more carefully, and more patiently. Any reorganization begins by disorganization, which necessarily leads to disruptions that worsen the economic situation. That is what happened in the Romanian agriculture, where we could have advanced more rapidly and could have ensured an efficient agriculture. Now we will have to suffer for a few years until Romania's agriculture will have gained a new foundation. Neither the Hungarians, nor the Czechs, nor the GDR Germans, nor the Bulgarians have dismantled their large cooperative agricultural units. The trouble in our country was that even the status of those forms of organization was of late violated and that the state brutally intervened in the entire organization, guidance, and leadership of the cooperatives. Large-scale property structures, either in the form of private holdings, like the large American farms, or in the form of cooperative property, exist throughout the world. This is the way in which they increased agricultural potential and were able to facilitate the use of progressive techniques and technologies, irrigation, and so forth. Thus, in this respect we missed a step that we could have easily taken. That is one example, but there are many others, I listed only a few regarding some of the economic measures of 1990.

In conclusion, there are enough reasons for both satisfaction and dissatisfaction.

SRI Chief Answers Press, Urges File Disclosure
92BA0881A Bucharest *TINERETUL LIBER*
in Romanian 29, 30 Apr, 1 May 92

[Interview in three installments with Virgil Magureanu, director of the Romanian Intelligence Service, by Nicolae Tone; place and date not given: "The Demolition Mania Still Rages in Our Country"]

[29 Apr pp 1, 3]

[Text] [Tone] Mr. Virgil Magureanu, whether you are irritated by the fact or indifferent to it, for a few good weeks you have been the prime target of the press. During this time, almost every self-respecting newspaper has carried at least several articles "devoted" to you.

Among them there was one with a very striking title: "There is No Such Thing as a Romanian Intelligence Service [SRI] Director." The article appeared in *ADEVARUL* of 22 April and was authored by Mrs. Irina Dimiu.

[Magureanu] This kind of signal, which unexpectedly to me came from a newspaper with a significant influence on the public, is not right. First of all, regarding my investiture as director of SRI I can tell you—something that is actually well known—that this occurred on the basis of a decree issued by the former National Unity Council. That decree was the act on the basis of which I was appointed to that post by its then chairman. Subsequently, however, when Parliament came to discussing the bill on national security and the bill on the organization and management of the SRI, that first legal act was aligned with the provisions of the Constitution, as was only normal. At this time, the only procedure that has not yet been carried out for lack of time, was Parliamentary validation of the operation of this service on the basis of the new bills passed. But from there to the statement that, as far as I am concerned, I do not even exist as its director, is a long way. If I could function for two years on the basis of the legal provisions I just cited, I do not see why that should now be questioned.

As a matter of fact, I am expecting Parliament to summon me in order to fulfill all the procedures envisaged in the bill on the SRI organization and management. And that, as I said, is only a matter of time.

[Tone] Under the titles "Scandal at the SRI" and "Group of SRI Executive Cadres Appeal to Parliament," the magazine *CUVINTUL* (No. 16, April 1992) carried a letter which reveals the existence of an opposition movement in your organization.

[Magureanu] I have sound reasons to doubt the authenticity of that letter. Its main purport questions the entire SRI leadership apparatus. The reason given was that all those who currently represent the service command are in fact compromised persons. That is the usual technique for smearing all those in a certain position in a certain apparatus, for the purpose of casting doubt on the validity of the apparatus itself and, of course, in order to compromise the person in charge of it, by charging him with having allegedly chosen the wrong men. Here I want to recall something that the public knows, I think, from some of my previous statements, namely that I carefully screened the personnel of this organization, as well as its command. Naturally, this screening process must still be continued and we will continue it. If one of us is not suited to the post that he occupies, he will have to leave. But I find it very difficult to believe that the entire command apparatus could be questionable. Especially since, I want to stress, it was selected after a very strict screening done at the right time, and always on the basis of a broad team acceptance of the professional probity of each and every member.

But there is also another fact: Which of our institutions, or what institution in the world, would radically change its command at some urging carried in some newspaper, an urging itself based on an anonymous letter?

[Tone] Nevertheless, did the Parliament alerted you to having received such a letter?

[Magureanu] No. Not yet. But it is a known fact that Parliament is continuously receiving letters concerning some aspect of our activities. Or, for example, things that cast doubt on some member of the personnel of our service. These things are absolutely natural. As a matter of fact, such letters have been received not only at Parliament, but also at the presidential office. However, a letter like this one, questioning the entire command corps, is in my opinion the first and only of its kind. This alleged letter is nothing but one of the countless diversions artificially plotted and purposely directed against our organization.

[Tone] What could be the immediate effect of the public disclosure of the names of the members of the SRI command corps?

[Magureanu] It certainly cannot have a positive effect. Which was the purpose, to cast doubt on the present members of the command of our institution. And if we were to highlight the fact that we are an organization with a special status, in which keeping secrets is a major duty, the effect of the publication of the names of all the members of its command is particularly dangerous for the security of the service as well as for its operation, all the more so since this will be picked up by the international press. I think that in fact that was precisely the purpose. This is undoubtedly a unique case, stemming from the demolition mania that still rages in our country. But as the subject is the service designed to guarantee the national security, the negative consequences may be incalculable. And finally, this will be another test that our command corps will have to pass. On the other hand, we will become even more careful about the honesty of those who make up this command apparatus.

[Tone] In a sentence you said in Parliament and which made the headlines, you linked the press attack on you personally to an attack on the presidential institution: "Hit the one and you will bring down the other one."

[Magureanu] I do not think that you are stating this issue correctly. First, it was not I who linked the attack on me to the presidential institution in the press campaign, but those who launched it themselves. The fact that the SRI is controlled by the country's president is clear and flows from the law. We are subordinated both to the president and to Parliament by the very procedure by which our personnel is appointed. Those who obstinately and without any grounds made the link between the two institutions with the idea that I then publicly stressed—that if they hit our service the presidential institution will certainly suffer—are, in fact, I reiterate, precisely those who launched this virulent slander campaign.

Indeed, sapping an organization like the SRI and destabilizing it must needs reflect negatively on other institutions as well, not only on the presidency. In my opinion, the weakening of our institution by a well guided, coordinated attacks, is of concern to any of the institutions of the national security: the Interior Ministry, the Special Guard and Protocol Unit, and the Defense Ministry. That is on the one hand. On the other hand, I think that the long relationship between the country's president and myself, based on affinities and cooperation, is being grossly exploited.

[Tone] What discussions have you had with Mr. Ion Iliescu regarding the continual fire to which you have been subjected by the press?

[Magureanu] By virtue of my service duties I have to report to the president, and not only to him, about matters regarding national security violations and other matters of a major interest in our society. Needless to say, such reports have nothing to do with my personal relations with anyone, but with the duties I have toward the institutions to which we are subordinated. Consequently, I have more or less frequent meetings with the president. The last meeting we had, to answer your question specifically, took place before his press conference and it indeed dealt mostly with the press campaign unleashed against me and the service I manage. I believe that our relations were satisfactorily clarified on that occasion. As a matter of fact, at the press conference that followed Mr. Ion Iliescu clearly stated his view both about our organization as such and about my person.

[Tone] You said before Parliament: "From the very beginning, even before I assumed this position, I said that for seven months, while I was doing my military service, during the period between 1 September 1972 and 31 March 1973 I worked in a synthesis service of the former Department for Foreign Intelligence [DIE]." Taking that statement as a point of departure, a well-known editorialist, Mr. Ion Cristoiu, concluded: "In a childish attempt to defend himself, Mr. Virgil Magureanu claimed no more and no less than that that was merely a matter of doing his military service. The press made a mockery of that claim bordering on the ridiculous. As was only natural, it stressed that no one can have the rank of captain while doing their military service." What do you answer to that view?

[Magureanu] I see no need to once again explain that the entire slander campaign has a very obvious political smell. Mr. Cristoiu's article proves that more clearly than all the recent press comments. I do not find at all childish my emphasis on the fact that I stayed with that office for exactly as long as it took to complete my military service. I have documents and witnesses to prove that long before the end of the period in question I had decided to leave that office for good, because nothing in its atmosphere was suited to my aspirations. In this context I want to recall that as of the beginning of 1971 I was a doctorant with the University of Bucharest, where the title of my thesis was: "The Nature and Social

Function of Political Power." Thus, once I came to the Foreign Relations Department, it was very clear to me that I had to get away from that place. I repeat, I stayed there only for the period I needed to get my military release card, which as a matter of fact, I did. This is one aspect of the issue. On the other hand—and this is what the press is exploiting—I must stress the fact that no one could enter such a place without receiving a military rank. I can demonstrate, beyond any doubt, that several cadres who came there at the same time I did, were awarded military ranks, like I did, without having served one day in the army. That was the rule, and it was not we who had established it, but those who had accepted us into that special service. That is why I say that Mr. Cristoiu's interpretations in *EXPRES MAGAZIN* are not only puerile and completely untrue, but downright malicious, because they are designed primarily to support a preponderantly political campaign against me.

[30 Apr pp 1-2]

[Text] [Tone] you were also criticized for the fact that a relatively long period of time, several weeks, passed since the actual publication of your "file" in *TINERAMA* and until the first official reaction.

[Magureanu] I did not react publicly from the beginning because I looked upon this scandal as having originated in a fictional, artificially kept up motive. I did not and still do not attach to it the importance that the spokesmen of this slander campaign gave it. I made a point of keeping my distance from this kind of campaign both in terms of time and out of principle, so I acted accordingly. Perhaps I would have done better not to give it any attention, in view of its evidently aggressive aims. I believe that some of the people who engaged in such an intentionally destructive action are entirely malicious and that they wish to seriously disinform the public in the country, not only regarding my person, but also the institution itself. I always tried to clearly separate between myself as a person and the service I manage, precisely so as not to provide grist for the mill of such calumnies. Against this backdrop we see the theme of a kind of existentialist philosophy emerging, what used to be known as the "tragedy of guiltless culpability": since no specific guilt can be assigned, it can be imagined about anything. This is a point of departure for afterward developing a totally pernicious, but totally unfounded viewpoint against a person.

[Tone] Do you think that there is something or someone specific behind these developments against you?

[Magureanu] I do not think that in the present context who or what is behind this slander campaign is very important. But I do believe that for those journalists who engaged in the campaign, artificially inflating something that is actually not very relevant, this can in no way bring them honor. I am very sorry that even valuable newsmen and reputable newspapers nevertheless participated, even if only by echoing obviously tendentious material carried in publications specializing in sensationalism.

Anyway, reproducing pages from my former DIE file is in itself illegal. Currently a war of files is being waged in our country, which consists of extracting files by dubious means out of archives and using them for the purpose of political blackmail. The SRI has nothing to do with the illegal traffic in such files. That is also the reason for which I have been pleading for Parliament to immediately take over all the archives of the former Securitate from our storages.

[Tone] At the same time, it has been stressed that you recently appeared before Parliament "in order to con it," and about your answers it was said that, "Consisting as it does of many greenhorns, Parliament was an easy prey for Mr. Virgil Magureanu."

[Magureanu] This is another facet of the same malevolent interpretation. The things I said in Parliament were very clear and were very precisely geared to the question I was asked in Parliament. I do not intend to go back to that three-point question because it is already public knowledge. Parliament did not fall prey to anyone. In my opinion, the viewpoints expressed there were responsible and clearly different from the carefully aimed positions that appeared like teleguided by a specific, preconceived scenario. I think it became quite evident that in fact, those who today claim that I allegedly manipulated files, are in reality the very ones who are endeavoring to manipulate both the press and Parliament.

[Tone] Can you prove that Mr. Gelu Voican Voiculescu purloined the file that reached *TINERAMA*?

[Magureanu] The fact is notorious—there are witnesses to that, also in the Romanian Parliament, especially in the Senate—that Gelu Voican Voiculescu went to various people with that file, repeatedly trying to get it published. In the end an arrangement was struck about publishing it in *TINERAMA*. There is no need for me to prove the dishonest acts of the former senator and present diplomat Voican Voiculescu, who almost continually behaved dishonestly and outside the law. You must remember the thundering scenario of the alleged "communist putsch in Romania." I am not telling you anything new when I say that, considering the theft of documents and their manipulation for the purpose of slander, the case as such was a matter for the Prosecutor's Office.

[Tone] Please comment on another particularly trenchant statements you made in the same response to Parliament: "This file—and this is my first request—this file and other evidence should be investigated by the special commission that is inspecting the SRI's activities and thus mine, too. If one comma in that file or in other documents will prove that I carried out activities incompatible with my position, you can have my resignation any time." Do you still stand behind those statements?

[Magureanu] Of course. I hope that such an investigation will begin as soon as possible, in order to shed light on all the events relevant to my postrevolutionary actions and in fact, on my entire history. I want to reassert that I

indeed will present my resignation to Parliament if even one of the documents or one of my actions will be shown to be incompatible with my position. I will request that absolute priority be given to bringing to light everything concerning my better known or less known activities, both before and after December 1989.

[Tone] Regarding the file itself, was all of it published in TINERAMA?

[Magureanu] No, not all of it. This campaign is probably intended to continue. Only a few points regarding my biography were published out of it.

[Tone] What else is in that file?

[Magureanu] Forgive me, but to me these things are too unimportant. As I said in Parliament and as I said before my appearance in Parliament, as far as this file is concerned, I have no reason to hide anything that is in it. I have already heard that my psychological test results will soon capture the attention of several newspapers.

[Tone] Since your appearance in Parliament to date has any concrete step been taken to form the investigation commission you requested?

[Magureanu] I have not been told anything about it, but I will insist that the commission be formed without delay.

[Tone] Here is another matter that is now being laid at your door: "In Mr. Virgil Meagureanu's case," Mr. Ion Cristoiu stated, "they (the reasons for your dissidence—ed. note) remained obscure to this day. He neither published any book of issues, not sent any letter to Radio Free Europe. Asked about that, Mr. Virgil Magureanu declined to answer. His gesture seemed to conceal a horror of bragging. I, however, believe that what it does conceal is concern about telling why he was exiled."

[Magureanu] That is not true, I do not decline to answer such questions. But I did not think it was necessary to push to the fore that aspect of my history. I do not view myself as being burdened by my past, on the contrary, I believe that my past is a valuable asset for me and for my present attitude. After December 1989 I did not think it was necessary to try to make political capital out of a past in which indeed I clearly adopted some well known attitudes against Ceausescu. If I did not make these things public it was not at all because I had anything to conceal. Once again, all these things can be disclosed at any time.

But then, there is another aspect: At a time when there are so many urgent issues in our society, when we are experiencing so many hardships, and when, last but not least, a lot of people are trying, with due trumpet accompaniment, to paint themselves as dissidents of the former regime, I find it indecent for me to come and claim a status that in fact I assumed at the proper time, motivated by a clearly antitotalitarian political option. Consequently, I regret I have to disappoint so many people by making this statement, but I do not consider

myself burdened by my past. That past provided me with spiritual support for what I now am and for what I have been doing since December 1989 to this day.

[Tone] Just so as not to be accused of evading the answer regarding your dissidence, please disclose to us at least the reason for which at some point you were sent away to the provinces from the former Party Academy?

[Magureanu] Since some day you may want to do a serious interview on this topic...

[Tone] Why not? I do not think that my colleagues at TINERETUL LIBER will have any objection.

[Magureanu] ... and since I believe that many other things have not been clarified in this interview, I will limit myself to a very brief answer to your question. At the time when I was removed from the former Party Academy I was told the following: That my political attitude was incompatible with the statute of the institution in which I was.

[Tone] Who told you that?

[Magureanu] The former prorector of the Academy, Bratu Paun himself. The decision had been guided from very high up. The person who issued the expressed order to remove me—and I do not doubt that the Securitate itself was behind that order—was the secretary for propaganda at that time, Constantin Olteanu. The order originated with him. At the time no one talked to me, and that was worrying, because I did not know how much of my attitudes against the former regime were known.

[Tone] In a recent interview you said that the outbreak of the revolution caught you in Zalau.

[Magureanu] True, I said that on 22 December I was in Zalau, where, from the balcony of the present prefecture, I talked to the crowd that had gathered there. This may be the moment to tell in very few words, how I got there. I suspect you know that I come from that area and that my native town is about 30 km from Zalau toward Maramures. I did not have time to get home. I had left in the evening of 21 December from Bucharest, fully aware of the fact that in those circumstances I was being intensely watched, but not suspecting that, although predictable, the events will occur so rapidly. I thought it was better to go into isolation. So that night I left on the train for Zalau; the next evening I started back for Bucharest, where I arrived in the morning of the 23d. My meeting with those who had then assumed the provisional leadership of the country took place at the Television, precisely during the most dramatic moment, when the building was under violent attack by the forces intent on not relinquishing the power.

[1 May pp 1, 3]

[Text] [Tone] Mr. Director, at the risk of angering you, allow me to read out to you a few other sentences, toward the end of Mr. Ion Cristoiu's article entitled "The

Magureanu Scandal." "Virgil Magureanu (...) had the honor of reading out the CFSN's communique in the evening of 24 December. He attended the Ceausescu's trial. If we consider the capital importance of that trial for the new team, we will realize that Mr. Virgil Magureanu was a first rank personality." Or: "The revelations made by Silviu Brucan, Nicolae Militaru, and Nicolae Radu shed light on the existence of a plot against Ceausescu. The three repeatedly stated that the Securitate was represented in the plot by Mr. Virgil Magureanu."

[Magureanu] Once again I find myself compelled to point out that the article is nothing but a filthy piece of slander that completely disqualifies its author. About my presence at the trial of the Ceausescu couple I have talked on other occasions. I have publicly stated that my presence in Tirgoviste did not involve any special role. I was sent there solely as a witness and I behaved accordingly. Had I behaved in any other way or if, as it is being insinuated, my duties had been different, it is difficult to believe that, for example, Gelu Voican Voiculescu would not have exploited the fact by now.

As for the "revelations" made by Messrs. Silviu Brucan, Nicolae Militaru, and Nicolae Radu, that is once again a speculation. The three could not have attributed to me—and as far as I know, they did not—the role of "representative of the Securitate," because even if we went as far as to assume that they had wanted to do so, unlike Ion Cristoiu, they would have known that such statements must be proven.

[Tone] Now comes a question that we cannot evade in this discussion. What do you predict will be the effects of the disclosure of the files of former Securitate informers?

[Magureanu] My conviction is that one significant step regarding the transparency of our social and political life will be first of all our free access to informant surveillance files. Thus, all the citizens will get a clear image of how the former totalitarian regime oppressed them and will know who were those who contributed to this generalized repression of the Romanian people. Once the lists of former Securitate informers, of those who betrayed their colleagues and friends, are made public, they will reveal the informers who, for a handful of silver, marred the faith in the ideals of friendship and solidarity and caused unpermissible breaches in our resistance against the totalitarian repression, thus betraying the most sacred ideals of humanity and solidarity of their fellowmen. Thanks to the disclosures that will be made and the clear distinctions that will be made, we will be able to demonstrate that we are not a nation of informers or traitors, as some are now trying to claim precisely in order to cover up their own compromising past.

I have recently had other opportunities to state that these disclosures will end up providing a generally needed moral therapy. This is not a matter of publicly revealing the names of those who in the past contributed to

defending the national interests, or those who made an honest contribution to neutralizing dangerous trends directed from outside or inside against Romania, but of those who indeed trampled their dignity underfoot by embracing betrayal and villainy; those who abased both themselves and us by their cowardice and by turning informers.

At the same time I want to stress another aspect of the situation that downright amazes me. In fact, I already said this at the beginning of our talk.

[Tone] Please.

[Magureanu] The successive denigration campaigns unleashed in the domestic and foreign press cannot be seen as anything but the attempts of some people to cover up a definitively compromised past by means of aimless incisiveness and especially by completely evading the truth. They will do anything possible in order to slow down or even entirely cancel the Parliament's decision to publicly disclose the files of the Securitate collaborators and informers. I hope this will not happen. Of course, many, especially the more credulous among us, will undoubtedly be in store for huge surprises. Because more than a few of the present champions of democracy will soon be shown to have been until not long ago selling out their brethren. Parliament is dutybound to hasten this process of file disclosure. Only thus, after the inevitable clarifications, will social peace be possible in our country.

[Tone] Undoubtedly, among those who erred in the past there must be people who, after serious reflection, rued the fact and totally subscribed to the values of freedom.

[Magureanu] Inevitably, this action requires great tact in order to not turn into its reverse. We must guard against passions and in particular we must strive to be just. I also hope that by sincere repentance and by honest participation in civic affairs, at least some of those who took the wrong path in the past will straighten out. It would not be natural for some people to have to make penitence for their past forever. But the truth must be known. That is the only remedy by which we can attain understanding and solidarity. And another thing: Disclosing files and citizens' free access to them will necessarily have to be done under the aegis of our legislative forum and also with the broad cooperation of the judicial bodies that will be specially established to ensure secure impartiality in this operation. My hope is that the SRI will not be in any way involved in any of the actions that will take place. We must carefully ensure that our personnel do not participate in even the most minor of the stages of this disclosure.

[Tone] What do you think will happen in the "Magureanu scandal"?

[Magureanu] For me this entire affair is a closed business. Having been artificially kept up, it can only share the fate of any slander campaign and fall into ridicule in the absence of any objective support. Speaking strictly

for myself, this presented one indubitable advantage: It gave me an opportunity to once again request Parliament to pass a decision on my past and my present status as soon as possible. These things must be set straight once and for all.

[Tone] If in the end you did have to resign, to what other area would you turn?

[Magureanu] In such a case I will finally turn to my lifelong aspiration, which on the one hand was to ensure a systematic, long-term association with university education in line with my level of training, and on the other hand to utilize my entire theoretical experience in order to provide skilled services for the development of Romania's political life.

[Tone] Having said all that, what does the SRI director fear the most?

[Magureanu] I have no special reason for fear. Except for God, whom we must all fear, I can say that I fear only my own limitations and the fact that I may be unconsciously erring in matters in which no one in my position should be allowed to err. My only chance is to be able to maintain this fragile balance of honesty. I cannot consider myself a man without mistakes, on the contrary. Like anybody else and perhaps more than others, I am also subject to such risk. But whenever it was a matter of extremely serious and important issues, I strove—and my conscience is clear on that account—to be very clear-sighted and to keep a cool head.

Magureanu on SRI Problems, Relations With Roman

92BA0855B Bucharest *LIBERTATEA* in Romanian
23 Apr 92 pp 1-2

[Interview with Virgil Magureanu, director of the Romanian Intelligence Service, by Octavian Andronic; place and date not given: "Publishing Dossiers of Securitate Informers Will Serve Moral, Social Therapy"]

[Text] [Andronic] In the last few weeks we have witnessed a veritable... nonelectoral campaign generated by the revelations published in *TINERAMA*. Your resignation is peremptorily demanded, even from the directorate of the government party. Are you thinking of meeting that demand? How can you refute the main charge, that of insincerity?

[Magureanu] A few days ago I had an opportunity to talk about that subject in Parliament. I do not think I can be accused of insincerity because my membership in the former foreign intelligence organization, for a very limited period of only seven months, had been made known before. I am not surprised that these attacks, which were maintained in the press and have also proliferated in Parliament, come from government groups. In fact, I do not think there is any complete unanimity of opinions between some of those who demanded my resignation then and our present regime. Yet I think that some

members of Parliament, and with this I do not want to unilaterally assume the right to be the only party with valid opinions, demanded my resignation then just on the basis of the accusation you mentioned. Some journalists did so too. I would like some day to be able to keep my resignation available for situations in which this dismissal from my post is really absolutely necessary, and if there are such reasons some day I will be the first to submit my resignation without waiting to be called upon in Parliament or summoned in the press.

[Andronic] You have been blamed for tolerating the activation of some elements who are compromised or incapable of adjusting to the new course of society, in spite of your initial declarations and commitments when you came out in favor of renovating the staff. That has started a real crisis of confidence....

[Magureanu] I think the matters have to be differentiated. We have always tried to sort out that staff carefully and to keep on it only the workers who are compatible with the new status of an intelligence officer. It is still very possible that we have not finished that process, that some of them may very well still be at odds with the process of democratizing Romania, or that their moral conduct probably conflicts flagrantly with the latter, just as I think the phenomenon is still present (unfortunately) in other institutions too, although I would not want to extrapolate our own situation onto those of others. As for a confidence crisis, I think it is artificially maintained, because it is a pretty far cry from noting the existence of a few or more workers who are not yet assimilating the standards of democracy or who are entirely incapable of ever doing so to considering the whole institution along with its chief morally unworthy.

[Andronic] Don't you think that a crisis is indicated, in a way, by the frequent flows of information and data from within the institution to the mass media and to some political circles?

[Magureanu] Unfortunately that confirms the fact that there still are workers on our staff who have not adjusted and cannot adjust to the moral standards that our society considers inalienable. I believe that if those flows are still going on it is expressly due to that fact, as well as the fact that at this point, probably because of a particular kind of psychosis, everyone is tempted to offer moral advice to anyone, and some regard the flow of information, which blatantly violates the operating rules of our institution, as a suitable means of taking vengeance on someone.

[Andronic] Do you think there is dissent within the SRI [Romanian Intelligence Service]?

[Magureanu] No, I would not assume that yet. There are probably quite a few who are incompatible with our status just as our own mistakes very probably displease some of our workers. It is possible that the present management of the SRI has not succeeded for the most part in presenting a sufficiently balanced image of a management in accordance with all the operating rules of

the institution. But as I said all that is not extensive enough, according to the data that I know, to enable us to assume that there is any dissent within the institution.

[Andronic] Do you think the institution is ready now to protect the national interests that it has a duty to protect?

[Magureanu] Yes, for the most part. We can provide, in the major aspects of the intelligence situation, data on the social climate, the geopolitical context around us, and the compatibility of our national interests with the contrasting trends within and outside Romanian society. I believe we can evaluate all of those correctly at the present time.

[Andronic] What do you think Romania's situation is now from the standpoint of national security?

[Magureanu] We are evolving in an internal context marked, as you know, by a crisis. And in a crisis context the most variegated trends are encountered. In my opinion the views that political extremism is gaining ground in our society and that our social climate could deteriorate from one day to the next should not be aggravated. On the contrary I could say, without being able to present a picture that is at all reassuring, that some particularly critical points, with great potential troubles that could be unleashed, have almost passed. And I cannot help associating this with the fact that imperceptibly, in the meantime, the social mechanism has begun to operate, at least as regards its economic aspect, and consequently, as a reflection of that economic foundation, the political mechanism of society has too, that which pertains to pluralism and observance of the basic standards of democracy.

[Andronic] What arguments could you offer us in support of the idea of political equidistance?

[Magureanu] To accept what has been written in the press, equidistance is not an idea that requires keeping your distance from everyone and rejecting any kind of contact. We have viewed equidistance in a very flexible way, in trying to reflect all the stresses and impulses that the social climate generates and the various trends in Romanian society, in being receptive to the trends that can degenerate, in determining exactly what troubles, what tensions and what imbalances can arise, and in trying to prevent them. We must become the spokesmen of those sounds of alarm that occur in any society, while keeping in touch with the most varied units or groups, even with those that border on extremist attitudes at any given point, not in order to channel them or turn them against society but to try to moderate their bad effects if necessary. And finally, I do not believe that those who really know the activity of our service and that of its director could say that they were ever rejected in the approaches or requests that they made. It is more than clear that we have not been successful enough in pleasing everyone.

[Andronic] Do the "rejection phenomena" seem more pronounced to you coming from the government area?

[Magureanu] No, I cannot say that. We are collaborating normally first with all the institutions making up the national security system, and then we give information in the normal quota to all those who take the responsibility for managing important sectors of our society. The statement also applies to most of the party leaders. If we still have positions irreconcilable with some of them it is not always just our fault. We probably have our limitations too.

[Andronic] I have to be more specific. Do you think your disagreement with the Front is still blocking any communication?

[Magureanu] I do not understand the question very well.

[Andronic] Is there any chance of conciliation and equidistance with the "Roman wing" of the Front especially?

[Magureanu] I have had an occasion to say that in public. I have no disagreement of any kind with the wing you mentioned, nor do I want to have one, to say nothing of aggravating those tensions. But there is always a tendency there, which I cannot accept, to regard us, me personally and the institution, as a conservative and obstructing force in our society. It is an artificial image and I do not feel that we have anything in common with it.

[Andronic] Does that come from misunderstanding of the essence of the problem?

[Magureanu] I think the wing you are talking about intends to gain a political advantage from presenting us as some conservative and obstructing forces, but that is untrue.

[Andronic] In very precise and succinct terms, what were the circumstances of your dissidence in Ceausescu's time? Of what did it consist?

[Magureanu] Mr. Andronic, I have taken up that subject so many times that actually I do not think I am well disposed now to be able to answer such a question, and the pressure of current events is so great that I would like you to save room later for such a subject.

[Andronic] This suggests another question that could enter into the same context. Where did the events in December find you and what action did you take then? Do you think there are unclear areas in the very brief interval in which the revolution was actually achieved?

[Magureanu] There are quite a few questions that it is our duty to answer, and we are preparing a report on them. But if it is up to me personally, I could say that the events were a partial surprise only in their sudden occurrence. Those events, after all, were desired by the majority of the Romanian people and had been expected for a long time. But the way they happened leaves quite a few unclear areas (to adopt your term) that we have to clarify. Personally, the events took me by surprise somewhere in Transylvania or, more accurately, in Zalau,

whereupon I went back to Bucharest and tried to join in the directed course of events there.

[Andronic] What were your motives and reasons for appearing on the panel of Ceausescu's judges? What was your role in that trial?

[Magureanu] My mission, in that connection, at the trial in Tirgoviste was explained to me very briefly by the present president to the effect that I would be needed there as a witness. I made no contribution to the proceedings at the trial, I did not influence it in any way, and I entirely respected the capacity that I had been assigned.

[Andronic] Do you consider Berevoiesti a closed chapter?

[Magureanu] No. Berevoiesti is not a closed case because it was found that there were a great many instances of destruction of documents vital to clarification of some things that happened in Romanian society and of some abuses committed by the former Securitate in the totalitarian period, things that happened not only in the locality of that name but also throughout the country, so that I could almost say that from December 1989 to the summer of 1990 and probably later this dark Berevoiesti raged in many localities in the country, leading to a great extent to the destruction of a considerable part of the documentation on the phenomena that we mentioned.

[Andronic] There was a great commotion about the "Magureanu dossier." What is it all about?

[Magureanu] I knew all along that a certain person, whom I also named, had taken it without any authorization, and the explanation she gave is totally unsatisfactory and inadequate. Actually I had known for a long time that she had that dossier, but the reason why I ignored it and took no step of any kind to obtain it was partly that a copy of the dossier had been sent to me and partly that I once even believed that there were no longer any such documents on the person in question, so that I was really surprised later to find that she had offered excerpts from it to various newspapers in Romania for publication.

[Andronic] What do you think the effects will be of publication of the dossiers of Securitate informers holding important jobs today in the state administration and institutions? Parliament has made a decision on this, if I understood it correctly.

[Magureanu] Parliament is about to make such a decision, and the effect will be one of moral and social therapy, beneficial and necessary in my opinion. It is a matter of having the best possible image of the pasts of those who hold various positions in Romanian society and of the way those people and others operated in support of the former repressive organs. I think it is a necessary trial. We must not deceive ourselves that this trial will be finished all at once, but I think that light can

be shed in a very short time upon the negative contribution of certain people who still hold important positions in Romanian society of today.

[Andronic] Do you think this phase, this action, will bring considerably surprises?

[Magureanu] I like to believe that the effect will be limited and without too great surprises. In general I do not think it will lead to incriminating any great part of Romanian society. And the effect, as I said, can only be a necessary moral therapy.

[Andronic] You see, I am asking you this question because certain slogans and certain theories so far circulated have brought us to the point of believing that we are a nation of informers. Would such a theory be justified? To a greater or less extent, have you been able in this interval to determine how extensive that phenomenon was?

[Magureanu] We just have to study the real extent of the phenomenon. But what I can tell you is that from what is known so far and from the investigations that have been made it is impossible to incriminate all of Romanian society even indirectly. It is an aberrant image that has nothing to do with either our people's character or the real extent of the phenomenon in the past. Moreover there are interested persons who had a destructive attitude in the past and who are interested in presenting this incrimination on the scale of the entire people. That is a separate problem. It is the subjective image of some. But we must proceed with tact, making a first distinction between those who were informers or snitches (if you will allow me to use a colloquial term) and those who, out of consideration of concern for the national interest, intended to collaborate with the part of the organ of the time that had no repressive political functions but those of defense of national security.

[Andronic] Under what circumstances would you be disposed to give up your mandate as director of this institution?

[Magureanu] I will reserve my right to reply to that question in the course of the next few months according to the global developments and those in Romania. But in no case will I make my resignation available to those who are expecting it until they make it sufficiently clear what my real contribution has been since I took this office until the present time.

[Box, p 2]

SRI Director Virgil Magureanu has made it known that 27,354 dossiers of the network were either stolen during the events of December 1989 from the archives of the former Securitate or destroyed by the officers who held them. He also said that he is ready to make all the documentary material available that was taken over by the SRI from the archives of the former Securitate. He stated that the SRI has 1,267,384 dossiers for intelligence purposes [urmarire informativa]. On 22 December

1989, Virgil Magureanu said, 162,439 persons were in direct contact with Securitate officers. Magureanu said at the same time that the SRI has 603,333 dossiers of the network that refer to 425,965 persons who collaborated with the Securitate organs in various periods of time.

Economic Woes Blamed on National Bank Policies

92BA0850B Bucharest ROMANIA LIBERA
in Romanian 21 Apr 92 pp 1-2

[Article by Alexandru I. Mihail: "Errors and Abuses Aggravating the Decline in the Economy"]

[Text] While persevering in the policy of the personal dictatorship that he had established in the field of finance and banking, the governor of the BNR [Banca Nationala a Romaniei, Romania's central bank] regarded interbank fixing as part of his own fief. Although vital to the recovery of the economy from the aggravated currency crisis, approving purchases of foreign exchange for imports, foreign insurance and transportation, etc., is not a natural attribute of banks or, more precisely, of the BNR, as the operations were performed in the last period.

Although the prime minister, in an interview granted to ROMANIA LIBERA recently, acknowledged that he erred in letting the BNR make important decisions in the economic-financial field, nevertheless he is still emphasizing the decisive role of the BNR in approving purchases of foreign exchange. As long as the foreign exchange obtained from exports in all received by the economic agents, approval of purchases of foreign exchange for imports by the banks, which are not directly involved in the economic processes, is abnormal. In their capacities as supervisors and regulators of the macroeconomic processes, the Ministry of Industry, the Ministry of Agriculture and the Ministry of Trade and Tourism, as well as the Ministry of Economy and Finance, should have the last word in making those decisions. The procedure so far shows a misconception in the management of the economy and finance, especially in this extremely difficult period of transition.

In recognition of the acute shortage of currency, it was announced that the priority in approving purchases of foreign exchange will be on imports of crude oil, gases, energy, coal, equipment, raw materials and strictly necessary foodstuffs. This criterion was observed for the respective products, but it was abandoned in approving the other imports, and foreign exchange was released in the order in which the requests were submitted. Purchases of large amounts of foreign exchange for petty and unimportant food and nonfood products were approved in this way, while fodders, fertilizers, seeds, agricultural equipment and highly important and urgent industrial raw materials remained unpaid for. The decision makers of interbank fixing ignore the facts that livestock can starve to death for lack of fodders and we risk the loss even of our brood sows and poultry, that the population

can suffer from the lack of sugar, oil, butter and potatoes, etc., that hundreds of thousands of hectares can remain unworked for lack of tractors, seeds, fertilizers, etc., and that some companies are going into technical unemployment for lack of imported raw materials. The indifference of the ministers of industry and agriculture is inexplicable, because it is not enough to provide for imports of crude oil, energy and gases alone. The other productive sectors such as agriculture and the furniture and clothing industries are also important and urgent. They are also great producers of foreign exchange and are suffering terribly from the lack of it. The position of the management of the Banca Agricola regarding what is obtained for agriculture from fixing is also inconsistent, as contrasted with its intensive efforts to attract foreign exchange resources from Europe and more recently from Asia and America.

Delays of several months in honoring requests for foreign exchange have caused dangerous disruptions of relations with foreign suppliers, who cannot understand why Romanian importers' requests for foreign exchange, for which they have deposited the necessary sums in lei, are not honored. They will certainly be led to seek good paying importers in other countries, which will result in a real disaster for the Romanian economy. It is incomprehensible how it was possible to approve thousands of requests for purchases of foreign exchange without any currency, solely in the hope that IMF [International Monetary Fund] credits would be coming in that were inadequate anyway. In that way the absurd point was reached where requests for about \$400 million were approved and not honored. In interbank fixing sales of foreign exchange are confused intolerably with promises to sell. The commercial banks are assailed for this reason by hundreds and thousands of customers who, instead of concerning themselves with the particularly difficult problems (such as procurement from domestic sources, organization of production, recruitment of manpower, and sales of products domestically and by export, as well as collecting for them), waste time, energy and money by beating a path daily to the banks. Although they are of major importance to the economy, approvals of purchases of foreign exchange are not controlled by any organ except the banks, which arouses suspicions. Protected by the artificial barrier of 198 lei to a dollar that permits them to put only certain requests in the daily hopper of foreign exchange, and by the operating regulations issued by the governor of the BMR, who allows them and even invites them to honor the requests in the order of the dates on which they are deposited, and also by the secrecy of the banking operations, which no one can penetrate even if it is a matter of serious abuses, the decision makers in fixing operate at will and unrestricted by anyone. We emphasize this because some economic agents, out of desperation or bad intent, are tempted to break up their requests for large amounts into several portions in order to conform to the ceiling of \$100,000 up to which approvals are given directly by the commercial banks. There is also a tendency to make several requests for the same products on different dates or to

different banks. Those can elude the control exercised by banks because of the large number of existing requests.

The commercial banks have paid minimal interest rates of 2-5 percent on the sums deposited by the economic agents for purchases of foreign exchange and no interest on the available funds on account, which is over 10 percent higher. When we consider that the average amount of the sums deposited in the last period was about 100 billion lei, it follows that the difference in interest comes to about 1 billion lei for only 30 days, so that the economic agents are not only not granted the foreign exchange but are also causing heavy losses.

From start to finish interbank fixing has meant a series of errors and abuses foreseeable from the time it was instituted. Companies with high potentials and export traditions recognized in many countries, as well as many others formed since the revolution that have import licenses entirely in order, are waiting for months for even a part of the foreign exchange that they have generated and are curtailing their activities accordingly. Such a blockage of imports and production resulting from wrong regulation has not occurred anywhere, in any country, even in wartime. The present rulers have transformed foreign currencies into a strange category apart, far from what they are in reality, namely money, as well as the leu, which belongs throughout the world and at all times to those who generate it. The essential fact is constantly overlooked that the state and the economic agents who do not generate foreign exchange can acquire currency mainly out of the surpluses formed by the economic agents playing a large part in exports. If we add to that the freezing of the rate of exchange for more than 40 days at 198 lei to the dollar, which is inconceivable because by definition fixing means daily floating and consequently change, we have a complete picture of the present foreign exchange policy. It is a dark picture, and it disqualifies and isolates the Romanian economy from the rest of the world.

The way out of the present tragic situation is to grant foreign exchange to the economic agents who generate it, since they can sell the surplus to the bank at the rate of the day and accordingly on a strictly commercial basis. The shock will be hard and long, especially if the new massive devaluation of the leu is accompanied by a doubling of bank interest rates (an action about which we have great reservations and to which we will return).

As an immediate measure, it is necessary to abandon the present bankrupt foreign exchange practice through:

- Approval, by the Ministry of Industry, the Ministry of Agriculture, the Ministry of Trade and Tourism and the Ministry of Economy and Finance, of sales of foreign exchange to the economic agents;
- Restoration of the deposited sum that cannot be honored;

(The present installation of the IMF loan is hardly enough for payments for crude oil, gases and energy

(expressly requested by the government), for opening new credits, and for some pressing needs of industry and agriculture. Requests for about \$200 billion will accordingly remain suspended.)

- Acceptance of requests for purchases of foreign exchange solely within the limits of existing currency, while deposits in lei are given up entirely;
- Immediately restoration of the difference between the interest granted on the blocked sums and that paid on available funds on account (regardless of the periods of deposit, whether they are days, weeks or months).

Who will decide all these things is not just a simple question.

Social Assistance Benefits in 1990-91

92BA0917A Bucharest REALITATEA ROMANEASCA
in Romanian 6 May 92 p 2

[Report by Anca Vlaicu: "The State Umbrella"]

[Text] According to data secured from the Ministry of Labor and Social Protection, the social protection program promoted in keeping with the conditions of the transition and of a market economy for the 1990-91 period featured the following money benefits:

I. Unemployment Benefits

1. Unemployment payments

- Recipients: Wage earners without a job and school graduates.
- Benefit level: A percentage of the last indexed tariff salary, payable for 270 days (50-55-60-70 percent, according to case).

2. Training and retraining

- Recipients: Wage earners without a job and school graduates.
- Benefit level: A percentage of the last indexed tariff salary, payable for 270 days.

II. State Social Security Protection

1. Allocations for temporary work incapacity (illness, accident, disease prevention)

- Recipients: All persons incorporated in the state social security system.
- Benefit level: A percentage of the previous salary calculated in keeping with the number of years of employment (50-65-75-85 percent, according to case). The allocation will be granted depending on the nature of the incapacity until the time of recovery, but may not exceed two years, after which time the person will be recommended for retirement.

2. Allocations for maternity leave and for caring for sick children or babies of up to one year of age

—Recipients: Women employees included in the state social security system.

—Benefit level: A percentage of the mother's previous salary, calculated in relation to the length of service (50-65-85 percent, or 94 percent for the third and following children). Paid leave representing 65 percent of the previous salary will be granted to employed mothers for the purpose of caring for babies under one year of age.

3. Age pension

—Recipients: All the persons included in the state social security system at the age of 62 for men and 57 for women and a length of service of 30 years for men and 25 years for women. Persons included in employment group I and II and mothers of more than three children will benefit from an age reduction at the same length of service. The age at retirement may not be under 50.

—Benefit level: The pension will be determined by varying percentages (65-54 percent) according to employment group and the average salary for five of the last 10 years of employment.

4. Pension for loss of working capacity (invalidity)

—Recipients: All persons included in the state social security system with at least five years of employment.

—Benefit level: Varying percentages depending on the length of service and employment group, and the salary for five of the last ten years of employment.

5. Survivors' pension

—Recipients: Survivors of employees included in the state social security system (children and spouses).

—Benefit level: The pension will be calculated in relation to the number of survivors and the salary of the deceased: the entire salary for three and more survivors; 75 percent for two survivors; 50 percent for one survivor.

6. Additional pension

—Recipients: All the persons who contributed three percent of their salary for additional retirement income.

—Benefit level: A percentage of the calculation base used to establish the state social security pension in keeping with the number of years of contribution.

III. Social Assistance

1. Family allocations

a) State allocation for children

—Recipients: Families in which one or both parents are employed in a state enterprise under an unlimited labor contract, regular army members, conscripts, students, state social security pensioners, military pensioners and IOVR [war invalids, orphans, and widows] recipients of social aid, survivor children, and unemployed.

—Benefit level: Varies in relation to the number of children and recipients' income.

b) Assistance for mothers of several children

—Recipients: Mothers caring for three or more children of up to 18 years of age, or up to 25 if students. Once established, it continues to be paid for life [as published].

—Benefit level: 400 lei for mothers of three or four children; 500 lei for mothers of more than five children.

c) Birth allocation

—Recipients: Allocated as of the second birth.

—Benefit level: 1,500 lei for each birth.

d) Assistance for spouses of conscripted troops

—Recipients: Unemployed wives of conscript soldiers, whose situations comply with the law.

—Benefit level: 1,148 lei in cities; 928 lei in villages.

e) Quarterly money relief

—Recipients: Persons incapable of working and without an income of their own, whose legal supporters have an average income under 1,000 lei a month.

—Benefit level: 2,953 lei every quarter.

g) Ad hoc money relief

—Recipients: Old pensioners and chronically ill without a livelihood, in justified cases.

—Benefit level: 1,124 lei, at most four times a year.

2) Foster family allocation

—Recipients: Minors placed in foster care with a family or entrusted to a family or person in keeping with Law No. 3/1970 regarding the care system for certain categories of minors.

—Benefit level: 1,519 lei a month.

Mixed Local Response to UN Force Presence

92BA0901A Hamburg DEUTSCHES ALLGEMEINES
SONNTAGSBLATT in German 8 May 92 p 6

[Article by Alexandra Stiglmeier: "We Are Absolutely Neutral": UN Peacekeeping Troops Have a Tough Mission; Hostile Croats and Serbs Expect Much From Them but Generally Mistrust Them"]

[Text] "This is for peace," the Canadian UN soldier says as he sticks the UN emblem—a white globe and laurel wreath on a blue background—on the child's stroller. The young mother smiles at the soldier. Before she pushes the stroller on, they look at each other for a moment, a bit embarrassed, then wave and go their separate ways.

In the western Slavonija town of Daruvar, near the front line in Croatia, one sees more and more UN soldiers. They sit in the sidewalk cafes, drive around in the white cars and trucks proclaiming "UN" in huge letters, jog through the town park, and flirt with the young women.

Daruvar is the base for two Canadian UN battalions, an infantry battalion of 800 men and an engineer battalion of 400. While the engineers joined Croatian soldiers in clearing the minefields laid by both Croats and the Yugoslav People's Army [JNA] during the fighting, the infantry has spent the past days and weeks setting up their housing: two tent camps and a former JNA barracks. They have also established contact with the military commanders on both sides of the front line. Throughout all this, the officers have ordered their men "to show the flag," as Captain Robert Stokes of the Canadian infantry battalion puts it. "It is important for people to recognize us by our signs and symbols, for people to see us and come to trust us."

The residents of Daruvar still have not made up their minds about the UN activity. "They are nice," almost everyone agrees and the Canadians have already helped some people repair the war damage to their houses. But the Croatian soldiers in Daruvar are very suspicious of them. "It is always bad to have an outsider come in to straighten things out. And the cease-fire came just when we were recapturing territory. Now the Serbs are shooting at us and we cannot shoot back," they complain.

Already approximately 8,000 UN troops have been deployed in the former Yugoslavia. The remaining 6,000 are scheduled to arrive by mid-May, at which time the peacekeepers will start work on their actual mission: withdrawal of the JNA from the three crisis areas of western and eastern Slavonija, and Krajina, which the JNA and Serbian irregulars still occupy today; total disarmament of the three areas; the takeover of control by UN troops and the return of refugees. What will happen then has only been laid down in outline. All that the UN peacekeepers care about is that both sides in the war have agreed to that outline and have proved cooperative so far. The constant refrain at all UNPROFOR

[United Nations Protecting Force] press conferences is that problems will be solved as they arise. However, there is still considerable mistrust of the UN peace plan. The Croats fear that they will lose the occupied territories forever (they form approximately one-third of Croatia). For example, the UN plan calls for the local authorities to remain in power in the occupied areas, and, since the expulsion of the Croats and the arrival of the JNA, those are mostly Serbs.

Although the local police force is supposed to be restructured after the demilitarization to match the prewar ethnic composition of the population, the Croats find it hard to imagine working "with Serbs who have borne arms against Croatia," as Croatian President Franjo Tudjman admitted in February. Not to mention that the approximately 600,000 Croatian refugees will not be happy to live next to Serbs again after their return. And the Croatian Government is unhappy that the UN plan expressly rules out the application of Croatian laws in the three crisis areas. The United Nations in New York is negotiating just what laws and currency will be used.

Ten days ago, when a group of several hundred Croats was driven out of three Serbian-occupied villages in eastern Slavonija, despite the presence of UN soldiers, the Croatian media expressed outrage. The Croats were convinced that the UN forces in eastern Slavonija (they were Russians) were siding with the Serbs. According to UN press spokesman Fred Eckhard, however, the UN soldiers did not find out what was happening until it was too late. By the time they arrived on the spot, the persecuted Croats were so frightened that they really did want to get out.

At that point, the UN soldiers did at least escort the bus convoy carrying the Croats, according to Eckhard, and so saved them from having to cross minefields to get to the Croatian side. Since then, UN troops have been on patrol in eastern Slavonija day and night. Satish Nambiar, the Indian commander of the UN troops, promised in an open letter reprinted in all the Croatian newspapers that, as soon as the UN troops had completed their deployment, they would take on complete responsibility for everything that happened in the combat zone and "spare no effort to enable the unfortunate families to return."

Nonetheless, some people in neighboring eastern Slavonija are very bitter about the UN troops. The 1,650 men scheduled for deployment in this sector have already been there for four weeks and are for the most part stationed in the Serbian-controlled area. But Osijek, the largest city in eastern Slavonija, continues to be under daily attack from grenades, mortars, and rockets.

The UN soldiers operating in the former Yugoslavia understand the reasons for the mistrust they encounter on both the Croatian and Serbian sides. Nor does it concern them that the two sides interpret the UN plan differently: Whereas the Croats hope that the UN troops will liberate the Serbian-occupied areas, so to speak, and

that Croatia will then regain full sovereignty over them, the Serbs hope that the UN soldiers will stay as long as possible and protect the population, which is now almost 100 percent Serbian, from Croatian attack. The UN representatives' response to these differing expectations is always the same: "We are absolutely neutral and have a clearly defined mission. We will create a lasting peace here, everything else will be decided at the Conference on Yugoslavia in Brussels."

What the UN representatives find far more disturbing is the civil war that broke out a few weeks ago in Bosnia and Hercegovina. The UN headquarters is located in Sarajevo, the Bosnian capital. Although the 380 UN workers in Sarajevo are not in danger yet, their work has become very difficult: Countless UN convoys have been turned back at roadblocks, shells have fallen just a few meters from UN headquarters, and from time to time the telephones stop working. Although the United Nations has transferred part of its administrative staff to its Zagreb and Belgrade bases for practical reasons, for political reasons it does not want to abandon Sarajevo. Fred Eckhard explains the decision to remain with the comment, "We cannot stop the fighting here but people

tell us we have a stabilizing effect on the situation." In Sarajevo the UN troops also provide practical aid: Last week they helped the Muslim/Croatian authorities rescue 60 patients from a burning hospital and monitored the evacuation of some 150 women and children from neighborhoods near the embattled airport.

However, the UN forces have given up the original idea of establishing their logistical headquarters in Banja Luka, the capital of the recently proclaimed "Serbian Republic of Bosnia and Hercegovina." Financial reasons played a role in that decision because the United Nations itself admits that the working conditions in Zagreb and Belgrade are excellent, but concern for the safety of the UN personnel in the area was also a factor.

In the near future the United Nations plans to dispatch 40 military observers into the war zone in southern Bosnia and Hercegovina. What happens next will depend on developments on the ground and on what the United Nations decides in New York. "However," Fred Eckhard declares, "we are eager to help the people here if the local authorities cannot cope with the problems."

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